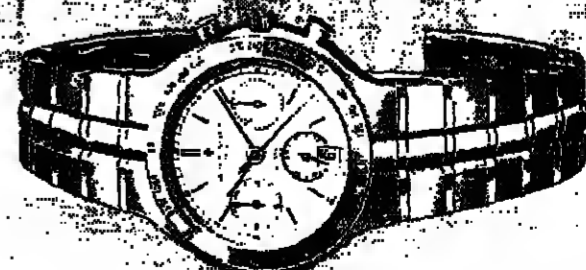


## 08523A

**Silvio Berlusconi (front) made his first trip to Bonn as prime minister of Italy yesterday, when he met Chancellor Helmut Kohl for talks in the German capital. Report, Page 2**

  
**VACHERON CONSTANTIN**  
Geneva, since 1755



THE WORLD'S OLDEST WATCH MANUFACTURER

Verheijen Constantijn, 1 rue des Moulins, CH 1204 Genève

## CONTENTS

Flower	18	Property Market	11	Markets	34-39
World News	2,3	Artis	18	Commodities	30
Europe Cup	4	Artis Guide	15	PT Accounts	31
International News	6,7	Outdoors	20	PT World Accounts	42
American News	6,7	Compass		Foreign Exchanges	38
World Trade News	6	UK	28-29	Gold Markets	38
UK News	9	Int'l Cap Mkts	25	Security Options	42
		Int'l Bond	25,26	Int'l Bond	25
				Managed Funds	34-39
				Money Markets	38
				Recent Issues	42
				Share Information	32-33
				Technical Options	42
				Wall Street	39-42
				World	39-42
				Business	39-42

## NEWS: EUROPE

# Company's currency option contracts worth DM10bn-DM14bn Balsam derivatives deals revealed

By David Waller in Frankfurt

Balsam, the German sports-flooding manufacturer which has filed for protection from creditors following the arrest of its entire board on fraud charges last week, has entered into currency options contracts worth DM10bn-DM14bn (\$6bn-\$8.4bn), it emerged yesterday.

The sheer scale of transactions dwarfs Balsam's modest turnover of DM480m, highlighting the risks associated with trading in derivatives at a time of intense international debate over how such financial instruments should be regulated.

Swaps, options and other more complicated products are known as derivatives because their value is "derived" from

more conventional assets.

Bankers insisted yesterday that the losses they faced as a result of "open positions" with Balsam were limited to a maximum of DM400m, a fraction of the gross value. But this comes on top of the DM1.6bn banks stand to lose as a result of the collapse of Balsam and of Procede, Germany's largest factoring company, which has emerged as the biggest victim of the alleged fraud.

The revelations raise the question of whether bankers should have become suspicious about the volume of derivatives business long before the company filed for protection.

"Banks have been remiss in assessing the relationship between the volume of derivatives business undertaken and

the real needs of a relatively small company," commented a banker at the Frankfurt arm of a US institution yesterday. "They should have put a stop to it earlier on."

Separately, Citicorp, the largest foreign bank in Germany, confirmed yesterday that it stopped conducting options business with Balsam in the final three months of last year because the company "no longer fitted our customer profile".

The case draws parallels with problems at Metallgesellschaft, one of Germany's largest companies which came to the brink of bankruptcy earlier this year after running up \$1.4bn (\$933m) of losses in the oil derivatives business.

But bankers pointed out yesterday that, unlike Metallgesellschaft, Balsam was in general successful in its trading in derivatives - the state prosecutor in Bielefeld said last week that the profits from this area of business had for several years disguised losses in the company's mainstream sports-flooding activities.

The directors of Balsam are accused of forging documentation to support applications for factoring agreements with Procede, under which Procede would advance cash to Balsam and assume responsibility for collecting the outstanding receivables.

The cash advanced by Procede to Balsam was used to finance the latter's currency options business. It is also alleged that the value of the

receivables was fraudulently inflated.

"The case illustrates how little transparency there is in the case of over-the-counter derivative products [products tailor-made for individual corporate clients]," said Mr Adolf Rosenstock, chief economist at the Industrial Bank of Japan in Frankfurt. "It is a jungle out there."

The Bundesbank, which is watching the development of the derivatives markets in Germany with a critical eye, refused to comment on the case yesterday. But Balsam's experience is likely to add weight to calls from the Bundesbank for a new listing of the risk facing banks which enter derivatives agreements with corporate customers.

## Faster French growth forecast

By John Riddling in Paris

French economic growth should accelerate in the second quarter of this year and long-term interest rates, which have risen sharply over recent weeks, should stabilise, Mr Edmond Alphandery, the economy minister, said yesterday.

His remarks coincided with a further easing in France's key short-term intervention rate, which the central bank reduced by one tenth of a percentage point to 5.2 per cent. The reduction is in line with the bank's strategy of gradually easing monetary policy to support economic recovery.

Further evidence of an upturn was provided by a rise in gross domestic product. Insee, the national statistics institute, reported that GDP grew by 0.5 per cent in the first quarter of 1994, compared with the last three months of 1993.

The Economy Ministry said that the first quarter growth, which followed a flat final quarter last year, showed the recovery from recession was firmly under way.

"We expect economic growth to continue to strengthen," said one economic official, citing surveys of business sentiment among industrialists.

According to Insee, the GDP rise was achieved despite a decline in energy consumption, due to mild weather, which is expected to reverse in the second quarter. Growth was supported, however, by specific stimulatory measures, such as those aimed at reviving the car market.

Private economists agreed that the French economy has moved into a recovery phase, but expressed caution about the rate of growth. "Mr Alphandery's projection of an acceleration from 0.5 per cent in the first quarter may be a bit optimistic," said Mr Jean-François Mercier, economist at Salomon Bros in London.

The first-quarter figures, he said, were boosted by a sharp reduction in stocks, which declined by FF5.4bn in the period, but there was still little evidence of a substantial pick-up in investment.

Some economists also expressed caution about the rise in long-term interest rates, which have climbed to about 7 per cent from some 5 per cent at the beginning of the year.

Mr Alphandery played down the risks to economic growth, however, saying that inflation remained under control and that interest rates would stabilise.

"I am optimistic," he said. "I think these movements [in long term interest rates] will automatically calm down."

## Kohl cautious in welcome for Berlusconi

By Quentin Peel in Bonn

Chancellor Helmut Kohl yesterday gave Mr Silvio Berlusconi, Italy's prime minister, a cautious initial welcome to the inner circle of European heads of government.

On the Italian's first official foreign visit since emerging victorious from national and European elections, Mr Berlusconi was accorded full military honours, and promises of continuing close co-operation.

But he apparently failed to persuade the chancellor to back his conservative Forza Italia movement in a move to join the European People's party - the Christian Democrat group - in the new European parliament. Instead, he said his party would form its own independent movement for the time being.

On the other hand, there was no word of criticism about the presence of members of the neo-fascist Italian Social Movement (MSI) in Mr Berlusconi's government, and Mr Kohl was anxious to express his desire for continuity in their close relations.

The two men discussed both the forthcoming summit of the European Union in Corfu, and the Group of Seven world economic summit in Naples.

They failed to agree on a common candidate to be the next president of the European

Commission, the Italian prime minister indicated later.

The official visit gave Mr Berlusconi his first big opportunity to launch a public relations defence of his new government before an international audience, and he roundly denounced any suggestion that "fascists" were members of it. "I cannot allow anyone to make a statement so far removed from the truth," he said. There was "absolutely nothing undemocratic" about any of his ministers.

Yet it is the presence of those MSI members of the National Alliance in the government which has clearly caused concern in Mr Kohl's Christian Democratic Union, as well as the opposition Social Democratic party.

The chancellor insists that the question of Forza Italia joining the Christian Democrats in the European parliament does not arise, because they have not applied to do so. There is little secret, however, that a majority of the party would like to, although a minority favours the alternative liberal group.

In a joint statement issued after the talks, the two leaders pledged their determination to continue the "traditional close co-operation" between their governments, and in particular "intensively" during the coming German EU presidency.

## Rocard seeks to steal a march on his would-be challengers

By David Buchan in Paris

Out of the depths of his misery, Mr Michel Rocard has played a bold card.

He has asked the French Socialist party's national council for a vote of confidence on Sunday, just when his leadership is under great criticism for gaining the party only 14.5 per cent of the Euro-vote but before any serious rival can mobilise against him. Only Mr Jack Lang, former education and culture minister, has expressed open interest in wresting the party's leadership and presidential candidacy from him.

But his continued leadership now rests more on surffiance than enthusiasm. According to a party official cited by *Libération* newspaper yesterday, Mr Rocard's likely role is to continue "as sexton of the elephants' graveyard" to give way as herd leader to Mr Jacques Delors when the latter

finally quits the European Commission in December.

The Euro-election result confounded predictions that the fall in the Socialist party's fortunes had finally bottomed out with its respectable 22 per cent share of the local government election vote in March. It was clear that the proportional system used for Euro-elections would not favour a so-called mainstream party like the Socialists; but the governing conservative coalition was hurt by dissident rival lists in exactly the same way.

However, traditional infighting between the Socialist party's clans to get on the list of Euro-candidates was compounded by the number of ex-deputies seeking employment after losing their national seats in 1993 and by the decision to fill half the slots with women. After this squabbling start, the campaign got no better, with Mr Rocard seeming to pay more court to the Paris intellectuals who ran on an

"arms for Bosnia" platform than to youth and workers whose support was scooped up by Mr Bernard Tapie.

The latter's power base is built on the *Mouvement des Radicaux de Gauche* (MRG), which has traditionally followed the Socialists almost blindly. But buoyed by their 13 per cent in the Euro-poll and 13 seats in Strasbourg, the MRG threatens to be less obedient than in the past, while negotiations with it are made problematic for the Socialists by all the business controversies surrounding Mr Tapie.

Casting, as ever, a shadow over Mr Rocard is the enigmatic President François Mitterrand. The latter has denied any conspiracy to undermine Mr Rocard by promoting Mr Tapie. But, during the campaign, he praised the "dynamism" of Mr Tapie, briefly urban affairs minister in one of his governments. And other close Mitterrand associates loudly criticised Mr Rocard for

his policy shifts on Bosnia.

All this comes against the background of the long and well-documented antipathy between Mr Mitterrand and Mr Rocard. They have separate political roots - Mr Rocard once led the separate Parti Socialiste Unifié party that the Socialist party absorbed in 1974 - and different ideological leanings. Mr Rocard earned Mr Mitterrand's ire for criticising as "archaic" the latter's joint programme with the Communists and, then later, the extent of his nationalisation, though the president eventually gave him three years as prime minister.

Whenever Mr Rocard was loyal to Mr Mitterrand, indeed it is the example of the president's achievement in pulling himself up from poor poll standings to win the Elysée in 1981 that still gives Mr Rocard some hope for 1995. The difference is that this time the loyalty may not be reciprocated.



Mr Michel Rocard, called on by his Socialist party for a vote of confidence

## Brussels shelves pension deregulation

By Emma Tucker in Luxembourg

The European Commission yesterday shelved ambitious proposals to deregulate the management of pension funds after member states could not agree on how far national governments should be allowed to dictate the terms of investment.

EU members could now face Brussels sanctions if domestic rules governing pension funds are found to break treaty rules on free movement of capital and services.

The decision to withdraw the proposal was taken at a meeting of EU ministers in Luxembourg. The directive had aimed

A European Commission proposal to crack down on the sale of counterfeit goods from non-EU countries was approved by ministers in Luxembourg yesterday. It will increase the power of customs authorities to stop fake goods entering the EU, writes Emma Tucker.

Under customs procedures introduced in the Union four years ago, a trademark owner can obtain a temporary "freeze" on the import of a consignment of counterfeit goods and can then take legal action. The new proposal

to allow the free flow of pension fund investment across the European Union, together with freedom of operation for pension fund managers.

will allow customs authorities themselves to decide whether an application from a trademark holder is valid. It also extends the scope of the legislation to cover pirated goods and design rights. The proposal should come into effect on July 1 next year, provided it is approved by the European parliament.

According to the Commission, trade in fake goods has risen sharply in the past few years and could account for 5 per cent of total world trade.

Assets are invested in local currency - the so-called currency matching rules. Only Britain, Ireland and the Netherlands - which impose few restrictions on their pension funds and consequently dominate the overseas investment market - backed the plan

to open up the European market, currently valued at Ecu1,000bn (\$700bn).

Opponents said they wanted a directive that would only allow 20 per cent of a pension fund's assets to be invested in foreign currencies. The Commission insisted on a maximum threshold of 40 per cent, supported somewhat reluctantly by the British, Dutch and Irish.

Earlier, Mr d'Archirafi called for renewed efforts to get European legislation on to statute books. He produced detailed tables of areas with the most glaring holes, declaring Brussels was "on the warpath".

A proposal aimed at giving the Commission a clearer idea of how often countries blocked goods on sale in another member state, on the grounds that they did not meet national standards, made little headway. The French and Germans argued that the proposed system - requesting authorities to notify the Commission whenever they rejected goods or services - would be ineffective.

But Mr Neil Hamilton, UK minister for corporate affairs, said: "The Commission needs a crowbar to prise open markets from which our goods are excluded on spurious grounds of safety, quality and so on. Too often, small businesses just give up the unequal struggle as compliance procedures are too legalistic, bureaucratic and time consuming."

Ministers agreed to re-examine the scope of the proposal. The Commission hopes it will be adopted at the next internal market council meeting in October.

## Kravchuk turns to old guard in election race

By Jill Bardsley in Kiev

President Leonid Kravchuk of Ukraine yesterday won parliamentary approval for a stalwart of the former communist elite to become prime minister, in what appeared to be an effort to draw support from leftist and eastern voters for his re-election bid later this month.

The appointment of Mr Vitaly Masol, who advocates a state-controlled economy and closer ties with Russia, was backed by 199 of the 335 deputies, with 24 opposing him. Masol, a market reformer and nationalist abstained from participating in "the lurch back to the communist system", as one put it.

Mr Masol served as prime minister of Soviet Ukraine from 1987 to 1990. He was forced out of office in protests that delivered the first blow to the Communist party's absolute rule in Ukraine.

It is unclear what Mr Masol, as a powerful prime minister, would bring Ukraine. In his bid for parliamentary approval he astonished delegates by saying Ukraine "is a state with market reforms" and that "we cannot act by traditional methods".

Last month he urged the restoration of strict state controls and condemned Ukraine's leadership for "liberalising prices... exiting the ruble zone... [and] cutting credits to industry".

Mr Masol's return to the premiership reflects Mr Kravchuk's vulnerability in the presidential vote on June 26, where he is trailing Mr Leonid Kuchma, an industrialist who

is popular in the Russian-orientated eastern Ukraine.

Mr Kravchuk can bank on votes from western Ukraine, where a strong body of nationalists back him. Ukrainian nationalists fought against Mr Kravchuk in the 1991 election but now see Mr Kuchma's pro-Russian position as a threat to independence.

The president's position in the west was also helped by the signing of an accord with the European Union on Tuesday.

However, Mr Kravchuk is desperately seeking support in the more densely populated east, where the mood is increasingly pro-Russian and pro-communist.

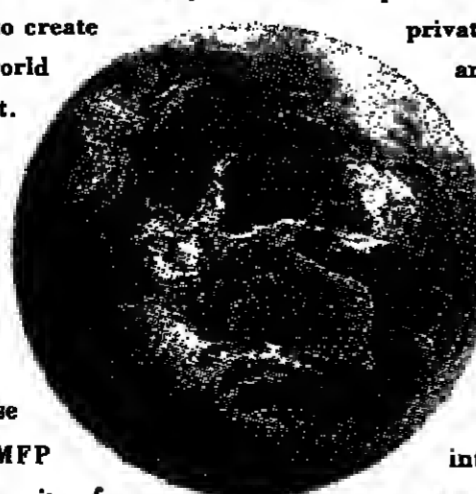
On Monday he adopted the eastern call to make Russian an official language along with Ukrainian.

## DEVELOPMENT PARTNERS WANTED TO BUILD A 21ST CENTURY CITY

IT'S YOUR BEST CHANCE TO DEMONSTRATE WORLD'S BEST PRACTICE

A commercial partnership is now sought with an innovative and visionary development consortium to create the first stage of a world leading urban development. As a model of world's best practice, it will inspire the creation of cities internationally which will be of benefit to Australia and the world.

Through this showcase development, Australia's MFP will grow as a unique community of advanced urban design. This Multi Function Polis will be a 'smart city' built on a specially selected site in metropolitan Adelaide, the capital of South Australia. The MFP will be technologically advanced, environmentally sustainable and



will balance innovative, economic and social development. In co-operation with the private sector, Australia's MFP is an important strategic initiative of the Australian and South Australian Governments. YOU MUST ACT QUICKLY TO TAKE A LEAD ROLE To receive all necessary information about how to register your company's interest in this innovative, commercial opportunity, fax your company, contact details to MFP Australia on 61 8 303 2120. But act quickly. Closing date for completed 'Registrations of Interest' is 22 July 1994.

**MFP Australia**  
Generations ahead

MFP Development Corporation, Level 12, Terrace Towers, 175 North Terrace, Adelaide, South Australia, AUSTRALIA, 5000. Telephone: 61 8 303 2100 Facsimile: 61 8 303 2120

## 'Play along' with money laundering, OECD says

By David Buchan

Banks should "play along" with money-launderers, in co-operation with police, to maximise the chances of catching them and seizing their assets, officials of the Organisation for Economic Co-operation and Development said yesterday.

The officials were commenting on the latest annual report by the OECD's Financial Action Task Force on money laundering. This is the practice of legitimising ill-gotten gains from drug-trafficking and other forms of crime by investing them in legitimate assets or businesses, and concealing the money's origin by shifting it

through several institutions. The FATF's chairman, Mr John Gieve, a senior UK Treasury official, said some progress had been made in the past year in the fight against money-laundering.

A key recommendation of the task force is that banks report suspicious, either to the police or to specialist bodies in some countries, such as the Tracfin unit in the French Finance Ministry.

"We obviously can't force a financial institution to accept a transaction that involves suspect money," said an official of the FATF. "But law enforcement authorities now realise the benefits of letting money-launderers deposit their money

and tracking them and it. The problem with turning the money away is that this alerts the money-launderers that they have been detected, and they are capable of learning from their mistakes."

At a separate conference organised yesterday by the Paris Criminology Institute, Mr André Levy-Lang, president of the Paribas investment bank said his bank had co-operated with Tracfin "in several cases". "When we alert Tracfin, they sometimes tell us to accept the money and then help us run the case," Mr Levy-Lang said. Banque Nationale de Paris said that it had recently co-operated with authorities on "sting" operations.

THE FINANCIAL TIMES  
Published by The Financial Times (Europe) GmbH, Neuhofstrasse 1, 60311 Frankfurt am Main, Germany. Telephone: +49 69 330 300. Fax: +49 69 330 300. Registered in Frankfurt by J. Walter Baum. William H. Brown, Colin A. Kennedy are General Managers and in London by David C.M. Bell and Alan C. Miller. Printer: DYM Druck-Vertrieb und Marketing GmbH, Adolph-Rosenstrasse 1, 61265 Neu-Isenburg, Germany. Hefepreis: International: ISSN 0950-0804. Number One Southwark Bridge, London SE1 9PL, UK. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany) Advertising Ltd, London. Shareholders of the above mentioned two companies are: The Financial Times Limited, Number One Southwark Bridge, London SE1 9PL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.

FRANCE  
Publishing Director: D. Good, 108 Rue de Rivoli, F-75004 Paris Cedex 01. Telephone: (01) 4274-6211. Fax: (01) 4274-6212. Telex: 31000 Nord Edita, 1921 Rue de Clichy, F-91000 Robinson Cedex 1. Editor: Richard Lambert. ISSN: 0950-0804. Circulation: 114,000 copies per week. DENMARK  
Financial Times (Scandinavia) Ltd, Vesterstrade 42A, DK-1161 Copenhagen. Telephone: 33 13 41 41. Fax: 33 13 51 33.

## EUROPEAN NEWS DIGEST

Russian banks  
urge restraint

Russia's biggest banking lobby yesterday appealed to western banks to refrain in their "own interests" from seeking to enter the Russian market. In an open letter to the international banking community, the Association of Russian Banks asked western banks for a self-imposed 18-month "moratorium" on opening new subsidiaries in Russia. It said this was necessary to give domestic banks more time to develop, as well as to prevent a possible political backlash against economic reform.

The association, whose opinions are not shared by all Russian bankers, was responding to President Boris Yeltsin's decree last Friday which lifted a restrictive ban on deposit taking from Russian customers by western banks which had already obtained full Russian banking licences. The decree also said that in future the Russian central bank would only give licences to banks from countries which gave equal treatment to Russian banks seeking to open offices and subsidiaries abroad.

But Citibank and Chase Manhattan of the US, and Turkey's Yapi Kredi and Ziraat, both of which plan joint ventures with Russian banks, will not be affected by the earlier ban. This is because the decree only lifted the ban for banks from countries with bilateral treaties encouraging investment ties with Russia, and the US and Turkish treaties have yet to be ratified by the Russian parliament. The restrictions - confining western banking subsidiaries to an "offshore" status - were imposed in response to protectionist pressure from Russian banks. *Leyla Boulton, Moscow*

## Bundestag scraps pricing curb

Germany's Bundestag, or lower house of parliament, yesterday sought to introduce more competition by scrapping a 1983 law preventing retailers from reducing prices by more than 3 per cent outside the summer and winter sales. But its efforts are likely to be defeated when the draft law goes to the Bundesrat, or upper house. Attempts to retain the law, passionately defended by small retailers on the grounds that they would be forced out of business, and even by some large chains because it would mean increased competition, were defeated by 314 to 262, with 26 abstentions.

In theory retailers can now set their own reductions, which might mean that the German consumer will be given a choice on prices outside sale periods. But in practice, yesterday's vote was a pyrrhic victory for Mr Günter Rexrodt, the economics minister, who spearheaded the campaign for a reform of the law, as the Social Democrat-dominated Bundesrat is likely to reject it. *Judy Dempsey, Berlin*

## Moscow warned of 'turmoil'

Senior Russian and western economists yesterday warned of economic and political turmoil in Russia later this year as the country's monetary and credit policies become "unsustainable". A conference at the Stockholm Institute of East European Economics produced a sobering agreement that fragile improvements in Russian finances, which have seen a monthly inflation rate of 6.8 per cent in May, are now in danger. Lack of real institutional reform and pressing demands from military, industrial and agricultural lobbies threaten to bring back high inflation and with it a nationalist resurgence. Figures produced for the conference on the budget, which is under discussion in the Russian parliament, show that tax income for the first quarter of the present year is below the target level by more than 10 per cent of gross national product, while expenditure has also been slashed by a similar figure. This has meant deep cuts in programmes and long delays in wage payments, contributing to increasing unrest in the military. *John Lloyd, Stockholm*

## Turkey shifts sell-off stance

Economic turbulence has forced Turkey to shift its privatisation efforts from international share offers to direct equity sales to industry, according to a senior government official. Economic uncertainty - with a halving in the lira's value against the US dollar since the start of the year - would make it difficult to attract institutional buyers, Mr Tuncay Yaraman, chairman of the privatisation administration, said. But he predicted the government would return to the market once the current IMF programme took effect. Mr Yaraman confirmed bids would be invited next week for a 51 per cent stake in the Erdemir steel company. He added that buyers would be sought for strategic stakes in Petrol Ofisi, the oil products retail concern, Tupras, the oil refinery company, and for a minority share in Turk Hava Yollari, the national airline. *John Murray Brown, Ankara*

## Scuffles mar Romanian protest

Romanian government offices remained under guard last night after scuffles earlier in the day between anti-government protesters and riot police. Witnesses said several hundred riot police attempted to remove about 1,000 protesters from the central Victory Square, where trade unions have been staging a peaceful sit-in over low pay and slow reform. Tension had increased because there were at times more troops than demonstrators, the Alfa Cartel trade union, organisers of the rally, said. Alfa, which represents more than 1m mainly industrial workers, said police had also blocked roads into Bucharest to prevent supporters from other parts of the country joining the protest. The government, which last night resumed talks with union leaders, said the demonstrators had illegally blocked the square and their actions were destabilising. *Virginia Marsh, Bucharest*

## Talks on Bosnia map

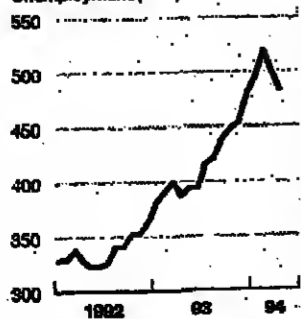
Negotiators from the US, Russia, Britain, France and Germany conferred in London yesterday in a fresh effort to draw up a map that would divide Bosnia among the warring parties. A plan to give 49 per cent of Bosnia to the Serbs and 51 per cent to the new Croat-Muslim confederation is resisted by both sides. However, diplomats said that if the current mediation effort bore fruit, the plan would be presented to the parties on a take-it-or-leave-it basis. Mr Alain Juppé, French foreign minister, said in Istanbul last Friday that he hoped a Bosnian map would be ready within 10 days. *Foreign Staff*

## ECONOMIC WATCH

## Dutch unemployment falls

## Netherlands

Unemployment ('000)



Source: FT Graphite

Unemployment in the Netherlands fell to an average 488,000 people in March-May, the second successive decline since the jobless total peaked at 520,000 in January-March. The central statistical office said the figures indicated the rise in joblessness had stabilised or been reversed. Although the number of registered unemployed rose by 96,000 in March-May from a year ago, this is still a slow-down compared with year-on-year figures published so far in 1994. The latest figures are unadjusted for seasonal factors but, even so, the drop was steeper than would normally be expected. *Ronald van de Krol, Amsterdam*

■ The number of unemployed in Poland fell in May for the third consecutive month - by 47,100 to 2.8m people or 15.5 per cent of the country's workforce. *Christopher Bobinski, Warsaw*

■ The Danish National Bank has cut its securities repurchase rate to 5.60 per cent from 5.70 per cent, effective from July 1.

## Flagging spirits test new union supremo

Germany's trade union federation badly needs a confidence boost, writes David Goodhart

Mr Dieter Schulte, the steel industry union boss who has just been elected to lead the German Trade Union Federation (DGB), inherits an organisation badly in need of a boost to its confidence.

On the face of it this seems odd. At its congress this week in Berlin the entire political establishment, including Chancellor Helmut Kohl, came to pay homage to the principle of social partnership and the important role of organised labour in national political life.

Just how botched it is into that political life was evident on Wednesday night. In one hall Mr Rudolf Sharpling, leader of the Social Democrats, gave an address to the majority of delegates, while elsewhere a group of Christian Democratic trade unionists was addressed by several ministers from Bonn. Even the Greens threw a little party.

But the DGB is not only a political force. Its 16 industry-based unions still have more than 10m members, representing a higher proportion of the workforce than to almost any other large industrial country. And only a few months ago the unions were being widely praised for their restraint in this year's pay round.

So why does the 64-year-old

Mr Schulte inherit such an anxious organisation? German unions are still central to the political and industrial life of the country - as this year's wage round underlined - but they fear they are beginning to lose their critical mass.

Membership, although still high, has fallen by 1.5m over the past two years. That is mainly because of job losses, especially in east Germany, but the unions are not recruiting many new members in the growing service sector and remain unattractive to women and young people.

The trends have contributed to the rapid decline of unions elsewhere in Europe and Mr Schulte and his colleagues know that unless they take action it could be them next. In his address to the congress he talked of the dangers of becoming "dinosaurs" and of the need to "abandon dreams of a lost utopia".

Mr Ulf Fink, a Christian Democrat DGB official, even warned congress of the French example, where union membership has fallen to 8 per cent of the workforce.

After his speech Mr Schulte said the "French option" would be avoided in Germany and added that there were some special factors behind the recent decline in union stand-



Dieter Schulte, celebrating his election as DGB head, warned of need to "abandon dreams"

ing, "including the disappointment that many of our new members in east Germany felt when we could not prevent their jobs being lost".

The other key challenge to the unions is the growing interest of the government in labour market deregulation as an aid to creating more jobs, and the emergence of a two-tier labour market with an

increasingly large group of workers not covered by centralised collective bargaining.

The unions are happy to accept some aspects of the new flexibility. They are keen to reduce non-wage labour costs and are not opposed to an expansion in part-time work, although they do want to improve the social protection of part-timers.

Mr Schulte stressed the unions' favoured means of job-creation: reducing working time, with some corresponding reduction in pay without undermining existing hourly pay rates. "Ten years ago it would have been unthinkable to talk in this way," he said. That may be true, but so far only a handful of companies have followed the lead of

Volkswagen, the car group, in cutting hours and pay to create or retain jobs.

The more insidious threat to the unions' centralised collective agreements comes from the growing number of companies leaving the industry associations which enforce them, or are drawing up special deals with their own company works councils to undermine the national unions.

Mrs Ursula Engelen-Kefer, Mr Schulte's deputy, says the flight from collective agreements seems to have been stopped by the moderate wage deal earlier this year. But Mr Charly Schübel, an official of the engineering union IG Metall in Schweinfurt, says an increasing number of small metal industry companies in his area are paying skilled workers only DMS or DMS (53.60) an hour - about half the national rate.

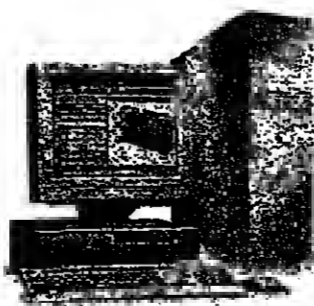
Given the continuing solidity of most German labour market regulations it is tempting to ask whether the decline of the unions will make much difference.

"It would make a big difference," says Mrs Engelen-Kefer. "We are part of the political and social structure but our arguments are only listened to because of our strength on the ground".

When it  
comes to PCs,  
IBM,  
Compaq  
and Acer  
stand out.

Yes, Acer.

We're not as big as IBM® or Compaq® - but we're closer than you think.



In fact, our sales are fast approaching \$2.8 billion. And if that surprises you, you're not alone. After all, Acer® has been quietly manufacturing PCs for other computer companies for over 12 years. Throughout our 15 worldwide manufacturing and assembly plants. That's how Acer has become the PC market share leader in eight countries across the globe (not to mention one of the top three leaders in many other countries). It should therefore be no surprise that Acer was one of the first computer companies to deliver systems based on Intel's 90MHz Pentium® processor in all the major markets. We're confident the next time you think of leading computer companies, you'll think of Acer.

**Acer**

United Kingdom  
Telephone: 44-753-523024 • Facsimile: 44-753-693739

Belgium  
Telephone: 32-3-2305032  
Facsimile: 32-3-2813235

The Netherlands  
Telephone: 31-20-6515700  
Facsimile: 31-20-6515700

Germany  
Telephone: 49-4102-488-0  
Facsimile: 49-4102-488-101

Austria  
Telephone: 43-1-91418810  
Facsimile: 43-1-914188110

France  
Telephone: 33-1-4118-2929  
Facsimile: 33-1-4118-2900

Italy  
Telephone: 39-2-2692-2585  
Facsimile: 39-2-2692-1021

Denmark  
Telephone: 45-45-821000  
Facsimile: 45-45-821072

Hungary  
Telephone: 36-1-2092056  
Facsimile: 36-1-2092056

Acer and the Acer logo are registered trademarks of Acer America Corporation and Acer, Inc. Intel is a registered trademark and Pentium is a trademark of Intel Corporation. IBM is a registered trademark of International Business Machines Corporation. Compaq is a registered trademark of Compaq Computer Corporation. All other brands are either trademarks or registered trademarks of their respective companies. ©1994 Acer Corporation. All rights reserved.

## NEWS: THE AMERICAS

## Land inequality ignites Brazil politics

Left-wing Workers party hopes rural policy will help win it votes, writes Angus Foster

Three miles off the road to Caruaru, an agricultural town in Brazil's north-eastern state of Pernambuco, is a settlement of rickety huts made of bamboo frames and black polythene bags. About 30 families have been living in the clearing for a year, wondering when their dream will come true.

Although they have water, there is little food and the children lack basic health or education facilities. A band of patrolling gunmen, employed by the local landlord to intimidate the families and deter visitors, keeps a nervous watch over the settlement.

The families are part of Brazil's *Movimento Sem Terra*, or Movement of the Landless, which claims that 5m Brazilians need land. It wants a far-reaching redistribution of land to the poor and uses occupations of private property, such as that under way near Caruaru, to pressure the government to act. "I just want a little piece of land as a means to work and to survive," says Mrs Cicera Monteiro.

The battle for land and rural reform has claimed more than 500 lives in the last 10 years. This seems perverse in Brazil, one of the largest countries in the world, with areas of low population density. But it also

has one of the most unequal land distributions in Latin America. Nearly 90 per cent of the land is owned by 10 per cent of the farmers. Among the poor, most have plots of less than 25 acres, sometimes only enough for subsistence.

This disparity continues to force people off the land, usually through bankruptcy after bad harvests, and into the already overburdened cities.

Rural reform is a key pledge which Mr Luiz Inácio Lula da Silva, leader of the left-wing Workers party (PT), hopes will help win him the presidential election in October.

Land inequality dates from colonial days but has been compounded until recently by government assistance to large-scale farmers, such as tax breaks and infrastructure projects. During the 25 years to 1987, mainly under military governments, 25m acres of land were transferred - by sale or donation - to just 45 companies.

To redress this balance, Brazil's 1988 constitution established rules for the appropriation of land that was not being used productively. But some of the legislation has still not been passed. Successive government promises to accelerate land transfer schemes have been frustrated by budget



Two poverty-stricken Brazilians asleep on concrete steps

problems, a slow bureaucracy and a judicial system which tends to back property owners.

In Pernambuco, where matters are critical because of the decline in its sugar cane industry, about 90,000 acres have been transferred, enough to settle nearly 3,000 families. But Mr Jaime Amorim of the Sem

Terra claims there are 350,000 families still needing land in the state and that about 74m acres are required to settle them.

The Sem Terra's claim that nationwide 5m people want land is impossible to verify, but probably exaggerated. Even if they have doubled

their estimates for greater impact, this still suggests there are as many as 1m rural families who need land, and a further 1m in the cities who would return to the land if it became available.

These are roughly the estimates with which the PT is working. The party believes a proper rural reform programme would take 15 years and would involve land reallocation as well as education and reform of rural credit and insurance systems which discriminate against smaller farmers.

"It also needs proper training and preparation of people too, otherwise they will fail and simply desert the land again," says Mr José Graziano da Silva, a PT agricultural adviser.

Such a programme would be expensive. It usually costs the equivalent of between \$5,000 (\$3,300) and \$9,000 to settle each family. The total reform bill could therefore exceed \$10bn, more than the annual health budget. The PT argues that urban jobs cost much more to generate, while migrants to the cities are forced to live in slums.

Given the size and costs of rural reform, analysts question whether an incoming PT government would be able to meet

its likely target of settling between 350,000 and 400,000 families in four years. The plans are also criticised as idealistic. Brazil's rural population has fallen from 75 per cent to 25 per cent of the total since the second world war, reflecting the attraction of urban services as much as rural problems.

The Sem Terra, which is closely linked to the PT, is also an electoral liability. Brazil's mainly right-of-centre media say the movement's invasions are examples of left-wing radicalism and contempt for the law.

For the poor victims of Brazil's economic mismanagement, rational arguments about the feasibility of the PT's pledges make little sense. In São Paulo state, a large occupation near the town of Getulina was recently broken up by the police under court order. The group, which earlier this year numbered some 2,500 families, is camped alongside a road, hoping the courts will rule in their favour.

Francisco, a father of three, joined the group when no longer able to pay rent on the family's room in the city of São Paulo. "I hope the court decides soon, but we'll stay, whatever happens," he said. "There's nothing else to do."

## New currency details start to take shape

By Angus Foster in São Paulo

Brazil's financial authorities have started to finalise details for the July 1 introduction of the country's new currency, the real, which is designed to tackle chronic inflation.

According to Finance Ministry officials, the real will be secured by two "anchors" designed to keep inflation out of the new currency, which will be backed by the country's foreign exchange reserves of about \$40bn. First, the real will be linked at parity to the US dollar for an "indeterminate period". Second, release of the currency will be partly tied to pre-set money supply targets.

These anchors are designed to give the government flexibility to pursue economic stabilisation plans in the region, such as Argentina's. Argentina's so-called convertibility plan tied the Argentine currency explicitly to parity with the dollar, and forbade the central bank to issue local currency unless backed by dollar reserves. Changing the exchange rate requires legisla-

tion. Brazil is more complicated, officials say, because it faces presidential elections later this year.

The present administration is trying to build into the plan policy alternatives for whichever of the two main candidates wins the elections. Brazil's economy is also more reliant on industrial exports, which would soon become uncompetitive if the currency became overvalued.

According to private sector analysts, the link with the US dollar is likely to be kept in place until the end of the year. If the current election front-runner, the left-wing leader Mr Lula da Silva, retains his lead in the opinion polls and worried investors start to take capital out of the country, central bank officials say there are sufficient reserves to spend \$1bn a month defending the currency for at least two years.

Many details, including the money supply targets themselves, will be decided over the coming weeks. According to some estimates, the monetary base of about \$30n will treble.

## WORLD CUP

## America braced for the big kick-off

Jurek Martin in Washington on how the hosts are preparing for the feast

Sneakily, a bit like a sliding tackle on a wet pitch, the World Cup of soccer is catching up on America. Scrub that metaphor. In all nine cities where the first round of the tournament is being played, the temperature this week has exceeded 90°F, often with humidity to match.

So let us say that, sneakily, like a cold beer in Death Valley, soccer is seeking to refresh America for the first time. Starting today in Soldier Field in Chicago and the Cotton Bowl in Dallas, 24 national teams will play 52 matches over a span of exactly one month, culminating on July 17 in the Rose Bowl in Los Angeles.

An estimated 3.6m tickets will be sold for those actually going to games, and the small ads offering them now run to several columns a day. The global television audience may amount to a cumulative 30bn plus, with perhaps 2bn watching the final, rather more than the 135m who caught last year's American football Super Bowl on the box.

Every game will be televised in the US by either ABC, one of the established networks, or ESPN, the sports channel, without commercial interruption while the action flows on the field, but with half-time reserved more for the pitchmen than the players.

It will be big business - not surprising given that the profit that organiser Peter Ueberroth made for the 1984 Los Angeles Olympics has served as such an example to Alan Rosenberg, chairman of the World Cup Organising Committee.

Foreign visitors may spend more than \$4bn of foreign currency; commercial sponsors are paying up to \$20m each for the rights to use the World Cup logo in their marketing and promotion. The approved credit card is MasterCard, the candy Snickers, the film Fuji, the cereal Wheaties, and so on.

So much for the prospective numbers. So much, too, for global interest in the World Cup, which can be taken for granted. The big question, as yet unanswered, is how the tournament plays in its host country, where, according to one poll last week, two-thirds do not know

that the tournament is being played here at all (and that is an improvement on two months ago).

There are objective circumstances working in soccer's favour. It is already entrenched in suburbia and among immigrant communities. When the US team played Mexico recently in Los Angeles, more than 90,000 turned up, most cheering for the Mexicans; a recent appearance by the Greek side drew over 50,000. The Italy-Ireland match tomorrow at Giants Stadium, just across the Hudson River, is already being portrayed in terms of New York's great old ethnic rivalry.

Second, America is a naturally hospitable and curious country always on the look-out for something new. You can get big audiences here for the Japanese tea ceremony or beach volleyball. The national presumption will be that soccer, understood to be the world's most popular game, must have something to offer, only to be disabused if this year's World Cup is as cynically played and tactically sterile as that four years ago (sorry, Ireland).

Third, the competing American sports are approaching a mid-summer lull. Ice hockey's Stanley Cup was settled on Tuesday night, with the New York Rangers taking the championship for the first time since the 13th century. Basketball's season will come to an end within a week, with either Patrick Ewing's New York Knicks or Hakeem Olajuwon's Houston Rockets on top.

Baseball is in its mid-season passage, eternally fascinating but not yet at a decisive stage. It may never reach that stage, since its season is now threatened by yet another dispute between owners and players. Golf, in the shape of the US Open, will be over and done with this weekend. Exhibition football, American-style, does not start until August. Soccer has the sporting coast remarkably clear to strut its stuff.

Nor has the media been negligent in trying to explain to its readers and viewers what soccer is all about. Every self-respecting newspaper and magazine has produced special sections stuffed with illustrations about the game's basics -



Cobi Jones, the US team's highly-regarded forward, signing autographs for young fans

how to kick, head and trap a ball - its terminology and its rules.

Profiles of teams and stars, all largely unfamiliar to Americans, have been extensive. It is now no mystery that Italy's Roberto Baggio sports a ponytail and that, even in his dotage, Roger Milla of Cameroon can still swivel his hips on scoring. The only soccer player even half-way towards a household word is, of course, Pele of Brazil, and memories have been dutifully jogged by film of his great goals (and of Gordon Banks's immortal save from him) in the 1970 World Cup.

Not all the explanatory efforts have been accurate, but the effort has been conspicuous. Only lacking so far has been much interest on the part of the heavyweight sporting columnists and TV and radio pundits.

One who did chip in was George Vecsey in last Sunday's special 16-page section in *The New York Times*, and he had reservations. "I have come to the conclusion that this fervent nationalism is what makes Americans uncomfortable

with soccer. Americans are not really put off by the business of not using the hands or by the business of low scores... but are by the business of language, the business of old national ties, the business of passion."

Good points, but debatable nonetheless. For example, this World Cup has a new Adidas ball with a glossy surface enabling it to travel farther and faster. It would not have been introduced if fear of scoreless draws was not palpable, nor would referees have been instructed to interpret more leniently the offside rule.

It is also hard to argue against the proposition that American interest will rise or fall according to the performance of the US team. The risk is that it becomes the first host country to fall at the first round hurdle. The potential is that it is in a less tough group (Romania, Colombia and Switzerland).

There is no doubt that Bora Milutinovic, the peripatetic Serbian-born coach who has played in five coun-

tries and managed in four, is in the process of producing a better US side. It knocked off England 2-0 last summer, Mexico 1-0 just last month and only lost 4-3 to Germany in another summer exhibition. But its record against other World Cup finalists is a modest two wins, two draws and seven defeats, and it has been handicapped by the difficulty of fielding its widely scattered best players together at one time.

The US soccer stake extends beyond the World Cup itself. There are plans afoot for a new professional league to replace the one effectively killed by Pele's retirement 15 years ago from the New York Cosmos. To succeed, it will need the participation of young American stars like Claudio Reyna and Alexi Lalas, who will otherwise be drawn inexorably to European competition.

Ultimately, it is up to soccer to sell its finest wares to America. For those from northern climes, that will not be so easy in this sort of heat. Worse, beer sales have been banned at stadiums after half-time.

## Germany seeks re-run of opening game victory

Coach Bert Vogts wants World Cup champions Germany to start the way they did four years ago: with an eye-catching victory. In today's opening game, Germany play Bolivia in Chicago.

Until 1990, the Germans usually struggled in their opening World Cup matches, before asserting themselves. But four years ago in Italy they kicked-off with a fear-inspiring 4-1 win against Yugoslavia, and stayed unbeaten.

"We want to gain the momentum in the opening game that will take us through the rest of the tournament," said Vogts.

A world television audience of about 1bn, plus a sell-out crowd of 63,117 at Soldier Field, will hope that new rules make the Germany-Bolivia game exciting. In recent World Cups, the opening games were often dull and cautious.

Hoping to galvanise the tournament after a lowest-ever average of 2.21 goals per game in 1990, Fifa, soccer's governing body, decided that this time a victory in the first round - involving round-robin group play - would be worth three points.

Germany's other Group C rivals are Spain and South Korea, who clash later tonight in Dallas. The Germans hope to become the first team to win four World Cups.

Bolivia are making their first appearance in World Cup finals since 1950. They are not well-regarded. However, Vogts is cautious: "It will be tough to score a goal against Bolivia. They have a good defence. They beat Brazil [and] they knocked out Uruguay, a great soccer nation."

Bolivia's main doubt concerned star forward Marco Etcheverry, who has not played a game since breaking his left leg. Coach Xavier Azkargorta says he will make a late decision on whether to field his most influential player.

## Injury doubt over Swedish defender

Defender Jan Eriksson re-injured his right thigh in practice in mid-week, and could miss Sweden's Group B opener against Cameroon on Sunday. Eriksson,

## Today's games

## GROUP C

Germany vs Bolivia  
Chicago, 14.00 (20.00 BST)  
Spain vs South Korea  
Dallas, 18.30 (00.30 BST)

a central defender, was injured after a sprint when warming up for a workout, and was taken to hospital for examination. Sweden's other Group B opponents are Russia and Brazil.

## Governor counts on his citizens

Welcoming world soccer leaders to Chicago, the governor of Illinois, Jim Edgar, was not so much unimpressed with the World Cup as under-awed by his own authority.

Speaking at the opening session of the 49th congress of Fifa, soccer's governing body, Edgar welcomed the delegates on behalf of "the 11% people of Illinois." The state has about 11.5m residents.

## Odds-on for a betting record

Even though England, Wales and Scotland failed to qualify, the World Cup finals may break all records for soccer betting in Britain. The Coral bookmaking firm reckoned yesterday that betting on the month-long competition could top \$30m.

Ireland have been well supported - down from 50-1 to 28-1 - and so have outsiders Nigeria, sliding from 150-1 to 33-1 in recent days.

Coral lists Brazil as 3-1 favourites, followed by Germany (7-2), the Netherlands and Italy (6-1), Colombia (9-1) and Argentina (10-1).

Correction  
The Italy-Ireland match is in New York tomorrow, June 18, and not in San Francisco on June 20, as stated in error in a fixtures list on page 19 of the FT guide, *World Cup Football*, which appears with some editions today. Giuseppe Signori plays for Italy, not Brazil as stated in one edition.

The smooth running of today's ceremony and the rest of World Cup USA 94 will be thanks to sophisticated client/server systems designed by EDS. The organisation behind the organisation.

Remember the trouble you had organising your wife's birthday party? Try organising the opening ceremony of the World Cup.

The technology services behind World Cup USA 94  
For further information call Bill Wright on (44) 81 754 4318

EDS

# Changing the guard on Europe

Jurek Martin and George Graham on a State Department shake-up

For a man who had been eased out of his job only 24 hours before, Stephen Oxman was, by local standards, surprisingly devoid of rancour, only gently suggesting that some reports of his removal were "overplayed". Indeed he could easily have cancelled the interview, arranged before it was announced that he was to be replaced as US assistant secretary of state for European and Canadian affairs by Mr Richard Holbrooke, currently ambassador in Bonn.

The contrast between the two could not be more stark. Mr Oxman is a low-key former investment banker, Rhodes Scholar and friend of both the president and secretary of state. "A really nice man," one European ambassador said, "but I never thought he understood us and he was never very assertive."

Mr Holbrooke is a gregarious Washington insider, never short of an opinion and well connected to the younger foreign policy turks such as Mr Strobe Talbott and Mr Sandy Berger, the number two at the State Department and National Security Council. His expertise is Asian and he has only been in Bonn for eight months, which means his transfer will

take a little diplomatic explaining to the Germans. But his move, combined with an equivalent change at the NSC, indicates an awareness of the need to strengthen the upper echelons of foreign policy making. In spite of many rumours, this probably makes more secure, for this year at least, the positions of Mr Warren Christopher as secretary of state, whose retention is considered vital to the Middle East peace process, and Mr Tony Lake as head of the NSC.

## Christopher's position may be more secure as a result

Mr Oxman says his own departure was the result of the realignment of some of the principal European policy players to advance policy goals even more effectively.

He argued that these goals were well on the way to being met. NATO's Partnership for Peace with the members of the former Warsaw Pact was now, he said, "a working reality". The

setting up of combined joint task forces gave European security a clearer definition, with "separable but not separate capabilities" for the Western European Union as a NATO pillar. Co-operation with Russia, inside and outside PFP, was genuinely productive.

It mattered, too, that the US was leading the way in "outreach" to the countries of eastern Europe, for example, by actively encouraging capital inflows. The \$11.5bn of investment capital generated over the last five years, nearly half to Hungary alone, is "but a fraction" of what a region of 135m well educated people could attract and needs. Getting the Visegrad Four (Poland, Hungary, the Czech Republic and Slovakia) into the Organisation of Economic Co-operation and Development could also be of practical assistance.

But the US had no "prescribed or set vision for the EU's future". Association agreements already signed with eastern Europe were "very substantial" and the question of when the EU acquired more members was up to the Union and the countries concerned. The main US policy thrust towards Europe was simply to avoid creating

new blocs defined on either security or economic lines.

Mr Oxman concedes that relations with the leading governments in Europe were bad in May last year over Bosnia and "scratchy" in the run-up to the Uruguay Round trade agreement. Yet in January Europe had virtually "implored" the US to take a leadership role over Bosnia, which it had, resulting in the lifting of the siege of Sarajevo and the formation of the Bosnian-Croat federation.

## Security is still a vital concern in the EU relationship

There had been setbacks (Gorazde) but also much progress on the diplomatic front. It might be noted, however, that the US effort has been led by Mr Charles Redman, but he is likely to be reassigned to another senior ambassadorship as a result of the State Department reshuffle.

Still, Mr Oxman said, the evolution of NATO and the Bosnian crisis "has sobered people

to the fact that though economics will be very important in the transatlantic relationship it is far too soon to put security considerations into the background." Still he trots out figures showing the depth of the economic relationship with Europe still exceeds Asia.

If Mr Oxman has anything close to a public complaint, it is that his bureau is having to get by on less. It operates 90 posts in Europe, a net 16 more than four years ago, and has 5,500 staff, over 200 in Washington. President Bill Clinton will be making 13 "country visits" to Europe this year and the secretary of state an estimated 23. "We're carrying a lot of water in the European bureau," he adds ruefully.

But plans are already under way, as required by the president, to cut the departmental budget by 9 per cent over the next four years. Already two of the bureau's five deputy assistant secretaries have gone.

That other regional bureaus are in the same boat is no consolation. "The fact is we are going to have to do less with less", eliminating any number of functions normally conducted by embassies. Which is where, probably in Europe, Mr Oxman is headed - keeping any discontent to himself.

# Venezuela banking pay-out raises fears

By Joseph Mann in Caracas

The eight financial institutions closed down by Venezuela's government this week will re-open on Monday to begin repaying depositors, the Finance Ministry has announced.

Economists warn that the multi-billion-dollar financial assistance provided by the government to ailing banks this year could drive inflation to record levels.

The government of President Rafael Caldera has not revealed its detailed plans for the seven commercial banks and one finance company it closed. However, barring recapitalisation by former owners or offers by other investors to buy out the institutions, they are likely to be liquidated.

The first payments scheduled for depositors next week will probably go to individuals with small accounts. The tens of thousands of businesses nationwide therefore have no idea when the government will free up larger deposits at the banks and their subsidiaries, or if other normal banking operations will be resumed.

Under current legislation, each individual or company holding accounts at the institu-



Caldera: closed seven banks

tions is entitled to a payment of up to about 4m bolivars (\$15,000) from the government's bank deposit guarantee fund (Fogade), regardless of the number of accounts they hold. This will cost the government around \$1.7bn, which may have to be funded through new bond issues.

ing the total payment to individual depositors to a maximum 10m bolivars, the same amount paid after the failure - and recapitalisation - of Banco Latino earlier this year. The failure of Latino, the country's second largest bank, sparked the banking crisis.

This would more than double the cost to the government, which has already supplied around \$6bn in aid to the eight banks and Banco Latino since this year, creating a government deficit equal to around 10 per cent of GDP.

Mr Julio Sosa, the finance minister, said recently that the government expected inflation of 80 to 90 per cent this year, up from 48 per cent in 1993. Some economic analysts are project price increases as high as 80 to 100 per cent. Taming inflation was one of the central goals of the Caldera government, which took office on February 2.

It remains to be seen if the government's action will stabilise the Venezuelan financial system, in the grip of the second year of a recession, or if other banks that built up large loan portfolios in recent years will face problems later on.

# House starts in US up 22% in 12 months

By Michael Prowse in Washington

US housing starts rose 2.6 per cent last month and by 22 per cent in the year to May, indicating residential construction remains fairly resilient despite the rise in long-term interest rates since February.

Housing starts last month were running at a seasonally adjusted annual rate of 1.51m, below the peak of 1.61m hit last December. During the first five months of this year, the average level of starts was 21 per cent higher than in the same period last year.

A sharp recent fall in applications for mortgages, however, has raised doubts about future demand for new homes.

However Mr Lloyd Bentsen, Treasury Secretary, said he was "encouraged" by the

increase in starts. He said 30-year mortgage rates were still favourable, which should continue to help the industry.

In a separate report yesterday the Federal Reserve Bank of Philadelphia said its index of manufacturing activity rose modestly this month to 15.1 against 14.8 in May, but remained below first-quarter levels. The index indicates the direction of change in manufacturing production, rather than its magnitude.

An index for new orders declined from May indicating the pace of growth may be slowing.

Claims for state unemployment insurance fell to 348,000 in the week ended June 8, the lowest level in two months and a further sign that demand for labour remains strong.

# Menem warns over economy

By John Barham in Buenos Aires

President Carlos Menem has warned governors of Argentina's 23 provinces against inserting clauses into the country's new constitution that could destabilise his economic policies.

Most of the provinces are controlled by Mr Menem's Peronist party and are in serious financial trouble. They intend to insert a clause in the constitution ordering the federal government to transfer half its tax revenues to the provinces.

But Mr Menem told them in a radio interview on Wednesday "to be quiet and try to contribute to reforming the constitution without introducing destabilising elements."

A constituent assembly is rewriting Argentina's 1853 constitution to allow Mr Menem to run for re-election to a second four-year term next year, in addition to strengthening the legislature and the judiciary. The assembly is also considering additional reforms, including the relationship between local and federal governments.

Mr Menem warned that interfering in current tax-sharing mechanisms would undermine federal finances and destabilise the economy, as has happened in Brazil under its 1988 constitution.

Under the current system, the provinces receive 56 per cent of selected taxes, such as value added tax. But they do not have a right to other taxes, notably customs revenues. In May, the provinces got an estimated \$424m (\$279m) in federal transfers, while the federal government's total tax revenues were \$1.86bn. However, many provinces have signed agreements with Buenos Aires entitling them to larger, fixed transfers in exchange for economic reforms at local level.

# Buenos Aires port sale hit by row

By John Barham

A bitter dispute between a consortium led by a subsidiary of UK-owned P&O and Argentina's Murchison-Roman port services company is blocking the privatisation of the port of Buenos Aires.

The consortium, led by P&O Australia, originally won bidding to operate two of the port's busiest terminals as a 25-year concession.

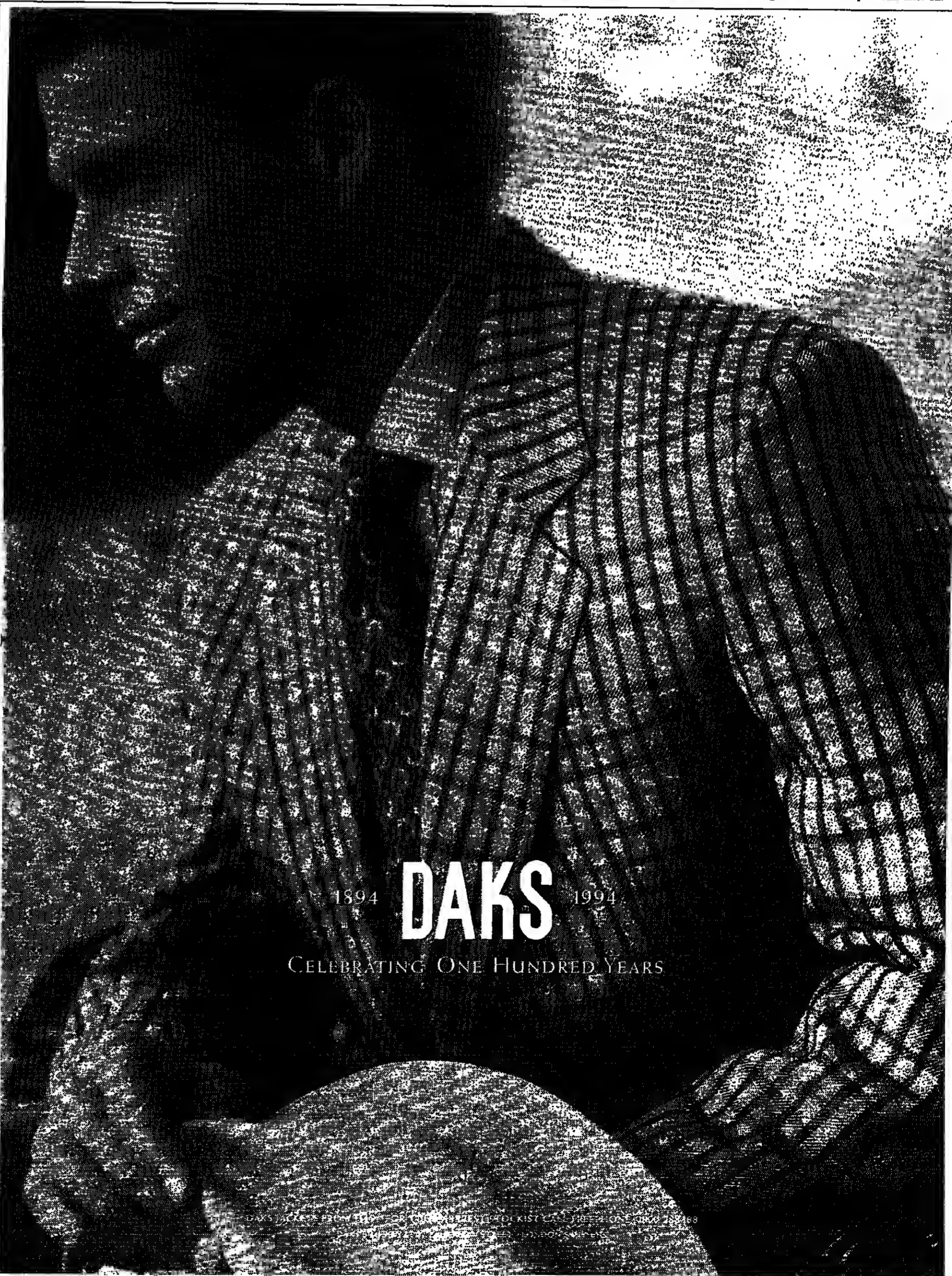
But last week Mr Domingo Cavallo, the economy minister, rejected P&O's offer after second-placed Murchison-Roman claimed one of its rival's local partners, O.L. Fasce, had not complied with bidding terms.

Mr Cavallo said he regretted P&O had lost the concession, but said he cancelled the transfer because Fasce had failed to prove it had a minimum net worth of \$4m (\$2.6m) - one of the conditions of the privatisation.

However, P&O had previously challenged Murchison-Roman's objections in court, insisting Fasce could prove its net worth. On Wednesday it applied for an injunction halting the transfer.

Mr Luis Dotras, a Murchison-Roman director, said P&O made "a totally speculative offer that would be impossible to comply with." He alleged the P&O consortium would not be able to generate sufficient cashflow to pay the government the \$13.5m (£8.88m) annual fee it had offered. Murchison-Roman offered a \$9.7m annual fee.

P&O in turn alleges Murchison-Roman used lobbying strength to overturn its bid. Mr Horacio Duranona, a lawyer acting for the P&O consortium, said: "P&O made the biggest offer. Murchison-Roman's offer was a bluff. The economy ministry did not review all the documents proving sufficient net worth."



## NEWS: INTERNATIONAL

# Trade surplus shows sharp drop in Japan

By Gerard Baker in Tokyo

The first clear-cut evidence that Japan's huge current account surplus has peaked came yesterday with figures showing a sharp drop in the trade surplus for May.

The Ministry of Finance reported that the customs-cleared merchandise trade surplus fell by 15.9 per cent from the same month a year earlier, to \$6.54bn (\$4.5bn), the first double-digit year-on-year decline since December 1991.

Imports rose by 12.3 per cent to \$21.5bn while exports grew by just 4.2 per cent to \$28.1bn on a year earlier. The more reliable three-month trend, which trims out monthly fluctuations, showed a fall in the seasonally-adjusted trade surplus of 7 per cent in the three months to the end of May.

The sharp fall in the dollar-denominated surplus reflects the decline in yen terms under way for several months. The sharp rise of the Japanese currency against the dollar in the last year had led to a rise in the dollar-denominated surplus, despite a fall in the surplus in volume terms.

But yesterday's figures suggest the volume of imports is now growing so fast as to outweigh the effects of the stronger yen. Import volumes rose as much as 16.1 per cent on a year ago, the fifth consecutive monthly increase, while export volumes fell 2.6 per

cent, the fourth straight fall.

The sharp rise in import volumes appears to reflect a slight strengthening in domestic demand, but some analysts attribute it to the growth in Japanese companies' offshore production. To offset the yen's high value, many manufacturers have stepped up overseas production.

Mr Geoffrey Barker, chief economist at Baring Securities in Tokyo, said: "The Japanese economy is now sucking in imports, as Japanese companies increase the foreign out-sourcing of many of their operations."

Most analysts agreed that the figures marked a turning point. "The strong yen is at last being reflected in a smaller dollar trade surplus," said Mr Dick Beason, senior economist at James Capel Pacific. "We can now expect to see some spectacular falls in the surplus in the second half of the year."

But the figures are unlikely to have an immediate effect on the trade tension between the US and Japan. The bilateral trade surplus rose 7.5 per cent from a year ago to \$3.05bn, reflecting the strength of US demand for imports.

The dollar was little affected, remaining under pressure against the Japanese currency, at ¥102.65 to the dollar at the close of Tokyo trading. Ministers greeted the figures with caution.

Price demanded by North Korea for opening its nuclear facilities is likely to be steep

## 'Powderkeg' could cause fourth conflict

By John Burton in Seoul

The Korean peninsula is a political powderkeg that has caused three regional wars since 1894 when China and Japan clashed over the country. The question is whether the North Korean nuclear dispute will cause a fourth conflict.

Whether the crisis can be resolved peacefully depends largely on North Korea's intentions in refusing international inspections of its nuclear facilities. The most optimistic interpretation has been that North Korea is seeking concessions from the US in return for allowing full inspections.

A deal perhaps brokered by former US President Jimmy Carter, who is now in Pyongyang, could head off a confrontation.

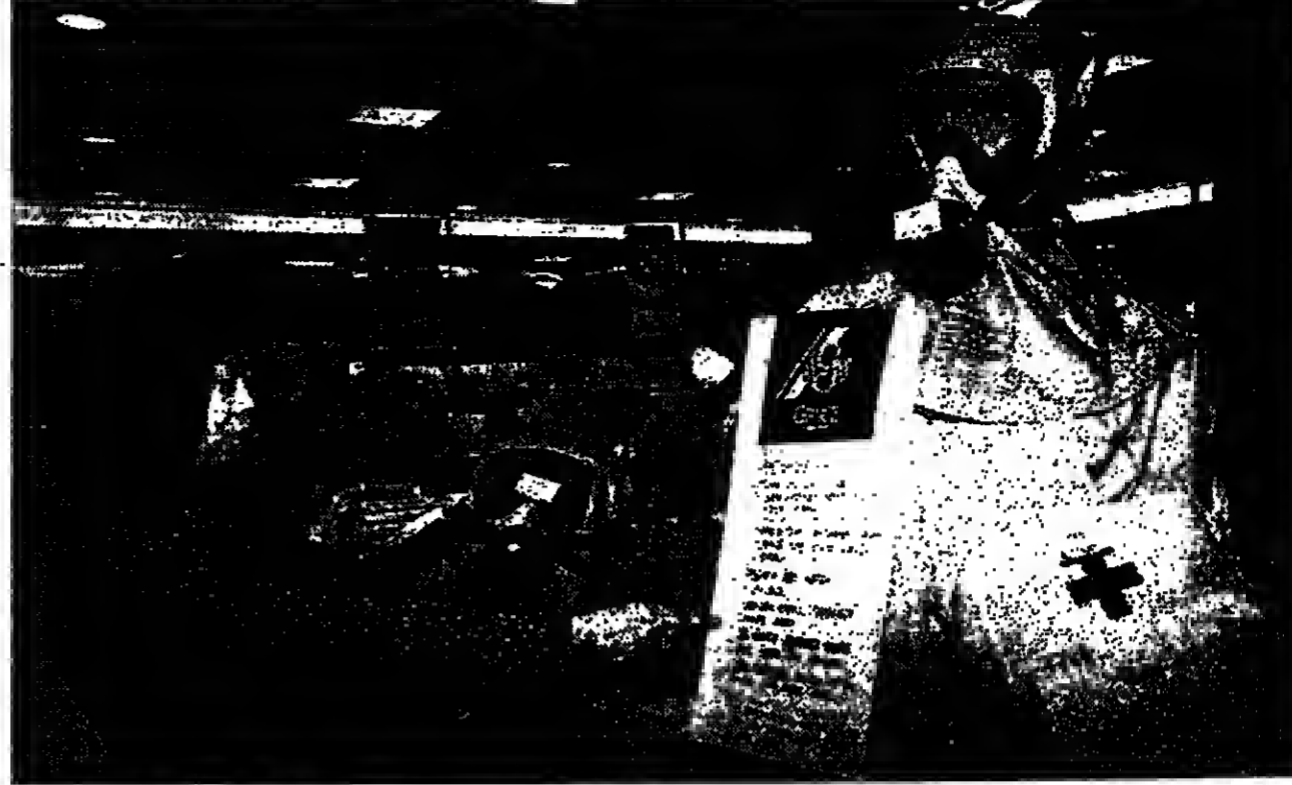
But the price demanded by North Korea for opening up its nuclear facilities is likely to be steep. It wants US diplomatic recognition, economic aid including the supply of safer light-water nuclear reactors, and the eventual withdrawal of the 37,000 US troops from South Korea.

The latter would be linked to a peace treaty between North Korea and the US that would formally end the Korean war of 1950-53.

In return for diplomatic normalisation, the US is also likely to demand conditions that North Korea may find unacceptable, including improvements in human rights and ending its exports of long-range missiles.

Another thorny issue is whether the US would permit North Korea to retain the two nuclear weapons it is already suspected of possessing, as long as nuclear safeguards would prevent it from making any more.

That issue could be solved if full inspections disclose that the North has not in fact yet succeeded in constructing



Seoul department store shoppers read instructions on how to use a gas mask in case of a possible surprise attack by North Korea.

atomic bombs.

There are other obstacles to a diplomatic solution. Negotiations could easily founder due to deep mutual distrust. Any negotiations would also be lengthy. This presents a political problem for US President Bill Clinton, already being criticised by domestic conservatives for being too patient with North Korea.

Granting diplomatic recognition to North Korea would also open Mr Clinton to charges that he has bowed to nuclear blackmail, although he has established a precedent by giving economic aid to Ukraine in return for dismantling its nuclear forces.

US concessions to North Korea would also be likely to anger South Korea and provoke doubts about a US commitment to its defence. This could force Seoul to quit the US nuclear umbrella and try to acquire its own nuclear weapons capability.

Nevertheless, diplomatic activity is expected to increase in the next few weeks as the US gives North Korea a final deadline to accept inspections before threatened UN sanctions are imposed.

North Korea has engaged in diplomatic brinkmanship since the nuclear dispute erupted in March 1993 when it threatened to withdraw from the nuclear non-proliferation treaty. Based on its past performance, it may offer a last-minute concession on inspections sufficient enough to keep talks going.

But there is a growing belief

in Washington and Seoul that North Korea is just playing for time as it pushes ahead to build more nuclear weapons.

The worst-case scenario is that North Korea plans to sell both weapons-grade plutonium and missiles to other anti-western nations, such as Iran and Libya, in return for hard currency and oil supplies, which are needed to keep its struggling economy afloat.

Although US economic aid might remove the need for weapons sales, Pyongyang would prefer not to become economically dependent on the US, according to this analysis.

If North Korea does not appear willing to compromise within the next few weeks, the UN Security Council would begin introducing phased sanctions.

These would start with mild measures, such as ending UN economic aid, and gradually escalating to an oil embargo and cut-off of cash remittances from Korean-Japanese. But China may try to block sanctions.

Even if Beijing allows the passage through the United Nations of phased sanctions, it may try to cushion their effect on North Korea by turning a blind eye to continued supplies of oil and grain, which are vital to Pyongyang. China has a vested interest in preventing North Korea from collapsing, since it wants to avoid millions of refugees streaming across its borders.

There is little doubt that UN sanctions would cause North Korea to withdraw from the

NPT, which would deepen the dispute. Pyongyang has said it would consider sanctions an act of war, implying it would launch an attack against, possibly, South Korea or Japan.

Officials in Seoul believe the threat is a bluff to intimidate South Korea and Japan from supporting sanctions, and that North Korea realises it would lose any war. But terrorist activity is not ruled out.

If economic sanctions are introduced, the US and its Japanese and South Korean allies might then adopt a wait-and-see attitude, would hope the economic measures would lead to North Korea's eventual collapse.

Another possibility is that the Chinese-influenced North Korean military might stage a coup against the country's next leader, Mr Kim Jong-il, once his father, the 62-year-old President Kim Il-sung, dies. There is believed to be considerable military opposition to Kim junior.

But there are certain time constraints to waiting. North Korea is on the brink of rapidly expanding its nuclear capability. While it now operates only a 5MW reactor, it is expected to complete building a 50MW reactor in 1995 and a 200MW one in 1998 that could produce enough plutonium.

The US might, consequently, consider conducting a pre-emptive military air strike to knock out the two bigger reactors before they are finished.

But this action carries grave risks. It would be likely to trigger a desperate military invasion of South Korea by the North. Pyongyang might also launch Scud missiles against the South's 12 commercial nuclear reactors in retaliation, which would spread radioactive clouds throughout the region.

For this reason, the US is unlikely to find much support for a military solution from South Korea and Japan.

## HK's airport move tests China ties

By Simon Holberton in Hong Kong

The Hong Kong government yesterday put its improving relations with China to the test when it said it would seek the local legislature's approval for more than HK\$1.5bn (£1.2bn) of finance for the colony's multi-billion dollar airport project.

Britain and China have yet to agree overall terms for the financing of the project, Asia's largest integrated transport plan. The two are discussing the Hong Kong government's fourth financial plan for the project, hopes have been raised that an agreement is within sight.

China yesterday confirmed that Mr Alastair Goodlad, a British foreign office minister, will visit Beijing next month. A Chinese government spokesman said Beijing was keen that disputes about Hong Kong should not sour China's wider relations with Britain.

The request for further funding from the Legislative Council (LegCo) is by far the government's biggest gamble in its "step-by-step" approach to building the airport. China has acquiesced in the past to LegCo voting funds for the project, but its continued

indulgence cannot be taken for granted.

Mr Li Ping, a senior Beijing official in charge of Hong Kong affairs, said recently that the government should refrain from further funding requests, pending an overall agreement with China. At the same time, Mr Li said he thought the issue of finance could be settled shortly.

A Hong Kong government official said yesterday that more funds were needed by the Provisional Airport Authority so that companies tendering for work could be certain the authority had the money. Tenders for work have to be let between July and September if a mid-1997 completion date for the airport is to be achieved.

The official noted that China had been informed about a month ago of the need for more funds and had been told the details of yesterday's funding request some days ago.

The government is asking LegCo for HK\$3.9bn to build the airport passenger terminal, HK\$4.8bn for the airport's first runway and other essential civil engineering, HK\$1.08bn for baggage handling facilities, and HK\$227m for the airport authority's head office expenses.

## Outpost shows what N Korea could gain by co-operating

Tony Walker sees possibilities on a recent visit to Fangchuan

From the remote lookout of Fangchuan where China, Russia and North Korea meet, the visitor views the Sea of Japan to the east and in the foreground, the Russian wetlands that are one of the world's most prized bird sanctuaries.

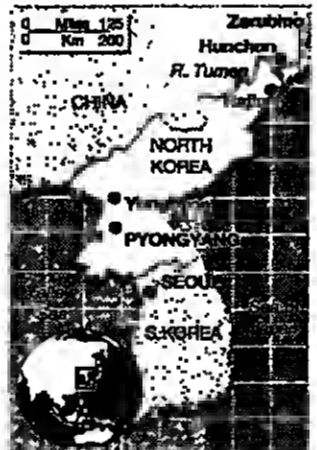
Below the lookout flows the Tumen River, muddy and shallow, delineating the boundary where over the years, tension has risen and fallen according to power games being played out in capitals hundreds, if not thousands, of kilometres away.

But Fangchuan provides a perspective on what might be commercially possible if the row is eventually defused.

The Tumen River area in China's Jilin Province and the nearby ports of Zhabunin in Russia and Rajin in North Korea form the nucleus of an ambitious scheme to draw China, Russia, Mongolia, Japan, and South and North Korea into a partnership to develop this remote area.

Failure to resolve the North Korean issue with the threat of sanctions and even war would vastly complicate present efforts by the United Nations Development Programme (UNDP) to encourage economic development in a region long forgotten.

The various parties to the project are due next month to initial agreements for estab-



lishing the Tumen River Area Development Commission and Committee which would be responsible for implementing the project: a \$30bn (£20bn) gleam in the eyes of UN officials who hope to attract vast amounts of international capital.

But even without a UN framework for development, which some critics regard as much too grandiose in any case, China has quietly been getting on with the job. North Korea itself is reportedly co-operating.

Fangchuan, the main Chinese town in the area, has undergone a remarkable transformation in the past year. Some 80,000 people, mostly construc-

tion workers, have poured in, doubling its population.

Local officials are confident that in spite of regional tensions and difficulties of co-ordination among the various players, the Tumen area will be developed with or without the UN's grand plan.

Mr Jin Tie, vice-director of the Tumen River Development Office, says China, Russia and North Korea realise there is no future in maintaining the Tumen's isolation. "The cold war atmosphere has loosened," he said, "the ice has melted."

International business has begun to get involved, even at this moment of increasing tensions between North and South over the nuclear issue.

Hong Kong and Singapore investors last month signed agreements for a 50 per cent stake in the China North-East Asia Railway and Port Group Co., whose shareholders include the local Jilin provincial government.

The company plan to build a railway bridge over the Tumen to connect with a North Korean rail link to Rajin port which will be upgraded with the construction of grain and container terminals.

Similar work will be carried out at the Russian port of Zhabunin. Hunchun itself has established a 24 sq km economic development zone which has attracted some 44 compa-

nies involved in textiles and other light manufacturing.

If there is a cloud over Hunchun these days, it has less to do with the North Korean problem than with a marked slowdown in Sino-Russian border trade.

Trade was down by about 50 per cent in the first five months of this year compared with the same period last year, largely because of Russian restrictions on access for Chinese traders.

Business with North Korea is also down. Local officials of Yanbian Prefecture, which includes Hunchun, were not able to provide figures, but said the decline from last year's exports of \$140m was steep.

This was not due to political tensions, they said, but was caused by the continued deterioration of North Korea's economy.

While it may not be business as usual on China's north-east frontier, this almost certainly has less to do with politics than with economics.

In the end, North Korea's failing economy may be the imperative that drives it to seek an accommodation with the international community.

The Tumen River project shows that the North Koreans are not beyond co-operating, when they believe it is in their interests.

## Clinton has few trumps up his sleeve

By George Graham in Washington

US President Bill Clinton yesterday met his foreign policy advisers to discuss the mounting crisis over North Korea, with few useful cards at his disposal for dealing with Pyongyang's apparent determination to pursue its development of nuclear weapons.

The Clinton administration has been grappling ever since it took office a year and a half ago, with the problem of what Mr Anthony Lake, White House national security adviser, calls "backlash states".

Besides North Korea, Mr Lake numbers Cuba, Iran, Iraq and Libya in his list of such "backlash states" and outlaws states that not only choose to remain outside the family but also assault its basic values.

Of the five, North Korea is apparently most advanced in its development of weapons of mass destruction.

The Clinton administration's response has been a strategy of containment, backed by a willingness, as yet untested, to respond with military force to any aggressive act.

While not ruling out any option, Washington officials have expressed no readiness to take pre-emptive military action.

That leaves only diplomacy, a path hindered by the difficulty of penetrating the mind of President Kim Il-sung and the North Korean regime, as well as by the paucity of levers available to the US.

The administration has tried to keep some carrots in the deal presented to North Korea. These come in the shape of a promised improvement in diplomatic relations and economic ties.

The danger is that it will be trapped into conferring these privileges over and over, in exchange for minimal North Korean concessions that do not even get back to the status quo ante.

Few sticks, however, come to hand. The problem is not just persuading China not to veto a United Nations sanctions resolution.

It is that only China and a handful of other countries have any significant economic relationships with North Korea through which economic pressure can be applied.

The arms embargo proposed in the first phase of the US's draft resolution seems unlikely

to have much effect, since the main countries that trade arms with North Korea are the same "backlash states" least likely to comply with UN sanctions.

The advantage of the phased approach contained in the US draft, however, is that the next step along the road is not a restart of the Korean war.

Some in Washington argue that the US does not have the luxury of waiting to see if Pyongyang will have a change of heart.

Mr Brent Scowcroft, national security adviser under President George Bush, and Mr Arnold Kanter, under-secretary for political affairs in the Bush State Department, argued in the Washington Post that more immediate action was needed to deal with the possibility that North Korea might, by the end of this year, have reprocessed enough plutonium to make another four to six nuclear warheads.

"We should tell North Korea that either it must permit continuous, unfettered International Atomic Energy Agency monitoring to confirm that no further reprocessing is taking place, or we will remove its capacity to reprocess," they wrote.

Mr Scowcroft does not believe a limited attack to destroy North Korea's nuclear reprocessing facility would, in fact, lead the North to military retaliation.

But if it were to do so, he argues, it is better to fight the war now than later, when the North might possess as many as eight nuclear warheads.

At the Clinton State Department, officials say this argument "had not been overlooked," but believe Mr Scowcroft and Mr Kanter understated the risk of all-out war between North and South Korea.

That warning was reinforced yesterday when a Chinese foreign ministry spokesman confirmed Beijing stood by its mutual defence agreement with North Korea, saying the two countries were "as close as lips and teeth".

Nor is there great support for such a military gamble in the US Congress, even among Mr Scowcroft's friends in the Republican party.

"I think on our side there is a 'Be cautious, be firm, but don't rush into anything right this minute' kind of mood," said Congressman Newt Gingrich, number two in the Republican leadership in the House of Representatives.

## Arms imports by developing world increasing

By Bruce Clark, Defence Correspondent

The volume of the international arms trade, in decline for the past seven years, is now stabilising, with arms imports by the developing world increasing, the annual survey of the Stockholm International Peace Research Institute says.

Sipri's analysis of world trade in conventional weapons shows total volume declined only marginally last year, to \$22bn (£14.6bn) from \$22.8bn in 1992, peaking at \$45.9bn in 1987. Arms imports by the developing world showed their first increase in six years, with a 1993 total of \$12.4bn, up from \$11.7bn in 1992 but still down on a high of \$31.0bn in 1987.

Some of the fastest growth in purchases came in the Middle East, where the conservative Gulf states and Egypt have been rearming after the Iraq conflict. Middle Eastern countries bought \$5.5bn-worth of armaments last year, up from \$4.8bn in 1992 and \$4.6bn in 1991. In the NATO countries,

military budgets have been falling; the share devoted to arms procurement has been tumbling even faster.

Comparing last year with 1990, the year when communism collapsed in eastern Europe, the institute reported a decline in Nato's manpower from 5.8m to 5.1m, a drop in general military spending (at constant prices) from \$370bn to \$322bn, and a plunge in procurement from \$83bn to \$60bn.

Falling demand from their home markets has forced the west's top arms companies to concentrate harder on export, particularly to the Gulf, south-east Asia, and Latin America. Among the world's top recipients of conventional weapons, Turkey moved from second to first place last year, with imports of \$2.5bn, ahead of India (\$2.2bn), Egypt (\$1.49bn) and Saudi Arabia (\$1.32bn).

In 1992, the top recipients were Greece, Turkey, China and Japan. But measuring the value of arms for Greece and Turkey is complicated since they receive huge volumes of second-hand equipment.

## Investors fear rising tensions

By Our Markets Staff

Yields on dollar-denominated bonds issued by South Korean borrowers widened out by between 25 and 30 basis points over the last week, reflecting investor fears of a further heightening of tensions on the Korean peninsula.

Last week, Standard & Poor's, the international credit rating agency, revised the outlook on its A-plus implied long-term rating on the Republic of Korea, to negative from positive. The agency said the revision was prompted by North Korea's refusal to comply with demands for inspection of its nuclear facilities.

The yield spread on the benchmark \$1.35bn offering of 10-year global bonds from Korea Electric Power Company, South Korea's partially privatised power utility, stood at 160 basis points over 10-year Treasuries yesterday, which compares with a spread of 90 basis points when the bonds were launched last November.

However, dealers reported some bargain-bunting which they said could lead to a stabilisation in the bonds.

Share prices in Seoul rallied yesterday after two days of losses. The composite

stock index ended 10.16 points higher at 901.96, off the day's high of 906.94, as institutions bought blue chips. The market is nearly 7 per cent below its 1994 peak reached at the beginning of February, before the government acted to cool the market, but has not plumbed the low of 855 points it reached in early April.

On the currency markets, the US dollar managed an initial rise yesterday on early rumours that a US helicopter had been downed in North Korea - speculation which was later denied by the Pentagon.

The US dollar is often perceived as a "safe haven" in times of international crisis and might have been expected to gain from the growing tension in Korea.

However, the dollar has been weak for much of the last few weeks, and has generally gained little from the Korea effect. The markets have taken the view that US economic growth is slowing, implying that there is less pressure on the Fed to raise interest rates.

"It would be normal to assume that disturbances in any part of the world would cause a flight of safety to the dollar," said Mr Jeremy Hawkins, senior economic adviser at Bank of America. "But it does not seem to be having an impact on

the market at the moment."

Indeed, by putting upward pressure on commodity prices, the Korean crisis may be upsetting the US bond market, which fears a resurgence in inflation. A sell-off in the Treasury bond market would probably adversely affect sentiment towards the dollar.

Deepening concern about North Korea's intentions has helped to lift oil and gold prices. Recent firmness in crude prices was consolidated this week when members of the Organisation of Petroleum Exporting Countries confirmed their determination to stick to the existing production ceiling. The North Korean factor helped to spice up the cocktail, which yesterday lifted the North Sea Brent crude price above \$17 a barrel for the first time in seven and a half months.

Gold, seen as a haven for funds in times of trouble, is traditionally sensitive to international security worries. Yesterday morning its price touched a two-week high of \$387.10 a troy ounce at the London bullion market fixing. By the close it had retreated to \$386.30, but that was still up \$2.80 on the week so far.

Reporting by Antonia Sharpe, Philip Coggin, Motoko Rich and Richard Mooney

## Austere budget for Kenya as debts rise

By Leslie Crawford in Nairobi

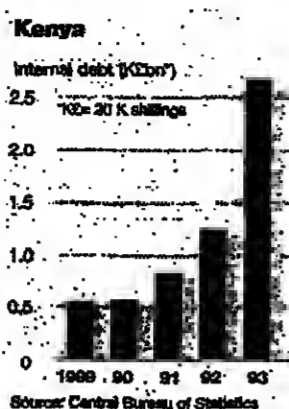
Mr. Musalia Mudavadi, Kenya's finance minister, yesterday announced an austere 1994/95 budget with little scope for investment in the country's dilapidated social services or transport infrastructure, against the backdrop of a stagnant economy and escalating debt servicing costs.

Nevertheless, Mr. Mudavadi forecast an economic turn-around this year and promised to reduce inflation to less than 10 per cent by the end of 1994 from about 40 per cent at present.

A better harvest was expected to boost Kenya's economic growth rate to 3 per cent in 1994, he said, still barely ahead of population growth but better than the dismal 0.1 per cent registered in 1993 - the country's worst economic performance since independence 30 years ago.

Few conjurers would envy the trick Mr. Mudavadi must perform this year. Under the watchful gaze of the International Monetary Fund, he has been ordered to cut the budget deficit while servicing a growing public debt.

Reducing from 7 per cent of



GDP this year will be difficult in the face of the government's ballooning domestic debt - the product of financial profligacy in the run-up to the December 1992 elections and subsequent banking frauds that cost the country hundreds of millions of dollars.

The KSh2.57bn (£31m) domestic debt servicing bill consumed almost half the government's revenue last year. "It dominated the entire outcome of the budget," Mr. Mudavadi admitted. "It blew the deficit beyond acceptable limits."

As a result, Mr. Mudavadi was forced to curtail public

investment sharply last year. Gross investment, he noted, fell by 16.4 per cent last year, with the government responsible for four-fifths of that drop.

There will be no respite this year, Mr. Mudavadi warned government ministries that they would be issued with monthly expenditure ceilings.

Their cash balances will henceforth be monitored daily by the central bank via a recently set-up computer network.

He is also planning to cut direct and indirect subsidies to the parastatal sector, which totalled 5.5 per cent of GDP last year. Legislation is planned to encourage private sector investment in the electricity sector, telecommunications, and port and railway services.

On the revenue side, Mr. Mudavadi has introduced private inspection companies inside customs to cut down on the evasion of import duties, an estimated one-third of which are never paid.

Mr. Mudavadi said foreign aid flows would cover 23 per cent of government expenditure next year, but deplored that fact that most aid was "tied" to specific projects.

## No peace yet in troubled Kashmir

Kidnappings highlight unrest in spite of fragile gains, writes Stefan Wagstyl

The kidnapping of two British tourists by separatist militants in the northern Indian state of Jammu and Kashmir highlights how far this troubled region still is from peace.

Over the last 12 months, the Indian authorities have tried to create the impression that the violence which has hit Kashmir in the past four years is being brought under control. They were so successful that tourists started coming back this year: owners of hotels, houseboats and handicraft shops thought their trade could at last see a revival.

The kidnapping has put in jeopardy this fragile gain in confidence. It is now 11 days since Mr. David Mackie, aged 36, and 16-year-old Kim Housego, son of Mr. David Housego, a former Financial Times staff correspondent, were captured while on trekking holidays with their families.

The incident has exposed the fact that despite considerable advances in suppressing militants in the capital city of Srinagar and the surrounding valley, the Indian security forces are far from crushing the separatist fighters.

Even the government's own figures show violence remains

widespread. In the five months to the end of May, the death toll was broadly the same as for the same months last year - 501 militants, 85 members of the security forces, and 420 civilians (killed in militant attacks or in crossfire). A further 139 people were kidnapped. Altogether nearly 10,000 have died since the fighting broke out in 1990, according to official statistics. The militants put the total at more than 20,000.

This is not to say the authorities have made no progress in the past year. The security forces have killed or captured several top militant leaders and disrupted lines linking militants with their sources of supply in neighbouring Pakistan.

Delhi scored a considerable coup last November by bringing to a peaceful end a month-long siege of the Hazratbal mosque, the holiest Moslem shrine in Kashmir.

"In Srinagar at least the improvement is palpable," says a senior official of the Jammu and Kashmir state government.

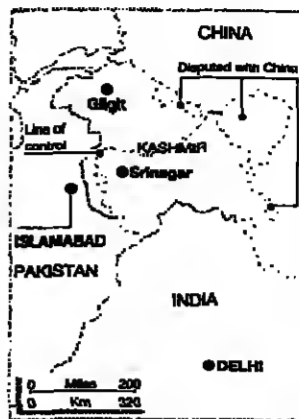
But even in Srinagar, life is far from normal. The paramilitary Border Security Force patrols the streets and maintains sand-bagged bunkers. "If

Srinagar seems quiet it is because we have adjusted to life under occupation, not that we have accepted it," says Mr. Abdul Ghani, a representative of the All Party Freedom Conference, an umbrella organisation of Kashmiri political groups, some of which demand independence and others union with Pakistan.

Moreover, while violence has declined in the Moslem heartland of Srinagar and the surrounding valley it has increased elsewhere - notably in the southern districts with mixed Moslem/Hindu populations, including the hilly Doda area, where militants recently assassinated two local leaders of the right-wing Hindu Bharatiya Janata party.

There is also a shift in the balance of power among the militants, with groups linked to the Jammu and Kashmir Liberation Front, the pro-independence political organisation, losing ground to radical pro-Pakistan Islamic groups.

They see the battle against India as a jihad - a holy war. Supplied with arms from within Pakistan and strengthened by the presence of small numbers of Afghan and other battle-hardened Moslem fighters, these groups have challenged the traditional domi-



inance of the JKLF. Among these radical organisations is Harkat-ul-Ansar, which captured the two Britons.

The JKLF seems unsure how to react. Some leaders want no compromises, others appear to be putting off feelers to the Indian government, among them Mr. Yasin Malik, who was released from prison a month ago and promptly appealed publicly for talks.

It is hard to see how the government can respond if the JKLF sticks to demands for independence. But if the government does nothing, it could miss a valuable opportunity to create a point of contact with the militant movement. There

may not be much time - pro-Pakistan militants tried to shoot Mr. Malik earlier this month and could try again.

Delhi is aware that the longer the fighting goes on, the more the pro-Pakistan Islamic groups are likely to gain ground, notably Hizbul-Mujahideen, the biggest and most active organisation. Mr. Rajesh Pilot, the minister responsible for Kashmir, has said repeatedly that he wants to start a "political process", meaning talks with Kashmiri groups, followed by state-level elections and possibly an increase in autonomy from Delhi.

"I feel there is more chance of the political process starting now than at any time in the past two years," he says.

But for most Kashmiri activists, hints of increased autonomy are worthless. Mr. Ghani says: "If we don't leave India, all this violence will have been shed for nothing."

Yesterday, Mr. Housego returned to Pakistan, the area of the kidnapping, with a group of journalists, in a move to encourage the kidnappers, who are apparently nervous about the presence of Indian security forces, to release their captives. If he succeeds it will at least remove one point of tension in the troubled state.

## Egypt resists IMF pressure to devalue

By Mark Nicholson in Cairo

The International Monetary Fund is pressing for a devaluation of the Egyptian pound as part of the country's reform programme, but the government is resisting, for fear of harming investor confidence a senior minister has admitted.

The disagreement over devaluation is holding up IMF approval of Egypt's economic reform programme which, once secured, would trigger the relief of between \$4bn and \$6bn (£2.6bn-£3.9bn) of external debt under a deal reached in 1991 with the country's Paris Club creditors.

The government conceded this week it had abandoned hopes of gaining such approval by next month, as had originally been hoped. Ministers now say they hope to have won the Fund's imprimatur before the end of the year.

Mr. Atef Obeid, minister for the public sector, vowed Egypt would "never devalue", saying that continued currency stability was essential to sustain and improve flows of capital into the economy.

Egypt's central bank has pegged the pound at around £E3.3 to the dollar for the past three years, aided by high interest rates which have attracted substantial financial flows.

Over that period, the bank has been purchasing dollars to prevent the pound from appreciating, accumulating reserves which now stand at \$16.6bn (£11bn) and cover 16 months of imports.

The IMF has argued that

Egypt cannot indefinitely hold the pound at artificially high levels without harming export competitiveness, a view supported by many local businessmen and bankers, who believe a level of between £E3.8-£E4 to the dollar is more realistic.

The Fund also argues that a devaluation would then permit accelerated cuts in Egypt's high interest rates, which the IMF sees as an additional constraint on its already modest economic growth.

The government has trimmed rates in the past two years, but many bankers believe the interest rate structure to be misaligned and rates too high. Prime lending rates to multinationals, for instance, stand at 12 per cent, three-month treasury bills at 12.2 per cent, and the discount rate at 15.4 per cent.

Mr. Obeid resisted the argument that Egypt must devalue to boost non-oil export earnings from \$2bn a year at present to the government's target of \$10bn by 1999. "There is no reason for the pound to fall, exports are already increasing," he said, citing a 16 per cent rise in exports last year over 1992.

The government also fears a devaluation might prompt swift and hefty transfers out of pounds back into dollars, reversing the successful "de-dollarisation" of the economy over the past three years, while placing pressure on reserves.

"We made it very clear we disagree," Mr. Obeid said. "We will do what is right for the Egyptian economy."

## Zimbabwe civil servants receive large pay rise

By Tony Hawkins in Harare

Zimbabwe's public servants, police and soldiers are to get an interim pay rise ranging from 10 to 23 per cent next month, at a cost of Z\$1.74bn (£146.8m).

In a country, where individuals are overtaxed, according to finance minister Dr Bernard Chidzero, the government has introduced a battery of tax-free allowances for public servants covering housing and transport.

The chairman of the Public Service Commission said the increases, announced late on Wednesday night, were an interim measure designed to help civil servants cope with inflation of 24 per cent over their past year.

He said private sector salaries were - on average - 172 per cent higher than those in the public service while parastatal employees were paid 84 per cent more than civil servants.

The government was committed to redressing this situation once it had considered the report of a British consultant. Further reviews of allowances

for the police and the defence forces were under way, he added.

Ironically, the announcement follows increasingly shrill warnings about inflationary pressures in the economy from the Reserve (central) Bank of Zimbabwe.

The Z\$1.7bn pay award represents a rise of nearly 12 per cent in public spending in the 1994/5 fiscal year starting on July 1.

With the government likely to miss its budget deficit target of 5.4 per cent of GDP by a substantial margin - most estimates suggest a deficit in the current year to June 90 of around 9 per cent - the increase will not go down well with the donor community.

But with real wages having fallen by a third in the last four years to a 20-year low, substantial pay increases, next year as well as this, were inevitable, the more so ahead of next February's general elections.

With inflation forecast to average at least 24 per cent this year, this pay award is not going to reverse the long-run downward trend in real take-home pay.

## Leaders in Emerging Markets Banking and Trade Finance.

1994 AWARDS

"BEST WESTERN COMMERCIAL BANK OF THE YEAR IN CENTRAL AND EASTERN EUROPE."

As awarded by CENTRAL EUROPEAN (A Euromoney publication)

ING BANK

Office locations marked on map: MOSCOW, WARSAW, PRAGUE, VIENNA, KOSICE, KIEV, BRATISLAVA, BUDAPEST, ISTANBUL.

The shape of ING Bank's international network is distinctive.

From Dutch roots, we have developed a truly international network, with over 60 offices in more than 40 countries. Our growing presence in the world's fastest-developing regions - Central and Eastern Europe, Latin America and Asia - reflects our strength as a world leader in Emerging Markets Banking and Trade Finance.

We are also showing significant growth in both International Corporate Banking and International Private Banking. As part of ING Group, one of Europe's major financial institutions, we are continuing to build upon these strengths for the future.

For more information, please contact our head office in Amsterdam; fax 31.20.5635673.

Internationale  
Nederlanden  
Bank

ING BANK

## NEWS: WORLD TRADE

## Trade ratification 'a priority'

By Martin Wolf

"The outstanding priority", argued Mr Peter Sutherland, director general of the General Agreement on Tariffs and Trade, in London last night, is "to ratify the Marrakesh trade agreements so that they can enter into force on the agreed target date of January 1 1995."

Giving the third annual Hayek memorial lecture at the Institute of Economic Affairs, the free-market think tank, Mr Sutherland said international economic relations would then depend on achieving further

cuts in trade barriers and the willingness of members of the prospective World Trade Organisation to abide by the letter and spirit of the new rules.

Mr Sutherland pointed out that in industrial countries there would still be tariff peaks in sensitive categories; that average tariffs would remain much higher in developing countries than in industrial ones; that most agricultural tariffs would be significantly greater than on industrial products; and that much negotiation remained to be done to

services, starting with financial services.

One reason for the spread of illegal obstacles since the late 1980s was the absence of third party complaints against bilateral accords. But, stressed Mr Sutherland, a more fundamental threat to countries' willingness to abide by the rules and disciplines of the new WTO is concerns about implications for national sovereignty.

Arguing against this view, he indicated that the WTO did not have the power to impose new trade policy obligations. Amendments of the WTO

Agreement that alter the rights and obligations of members are effective only for those countries that have accepted them. Also "some countries have interpreted the right to refuse panel findings as the prerogative of a sovereign nation. But what this amounts to is a country choosing to be above the law whenever it is inconvenient to observe the law."

More fundamentally, insisted Mr Sutherland, "if sovereignty is equated with the ability of a government to carry out its legitimate functions, the acceptance of the new WTO rules

and procedures by governments around the world will increase the sovereignty of each and every one of them."

Meanwhile, an important challenge would be developing coherence between the Bretton Woods institutions (the World Bank and International Monetary Fund) and the WTO.

Another priority is expansion of the system, which now has 123 contracting parties, with 19 more - including China, Russia and Ukraine - now negotiating accession or resumption of membership.

## All Nippon, Delta agree to co-operate

By Michio Nakamoto in Tokyo

All Nippon Airways, the Japanese airline, and Delta Air Lines of the US have agreed to co-operate in marketing and other services in the first such extensive link between a US and Japanese carrier.

The agreement, which comes amid fierce competition over trans-Pacific air traffic, "will possibly lead to a definitive marketing and business relationship in the US and Japan," ANA said yesterday.

The Japanese carrier will co-operate with Delta through schedule co-ordination to facilitate connections between the two carriers, sharing of facilities and passenger handling in frequent flyer programmes.

The two companies will also explore opportunities for code-sharing and blocked-space arrangements in the US and the Asia-Pacific region centred to Japan.

Such arrangements would enable ANA to attract trans-Pacific travellers flying to US destinations to which ANA does not fly, by publicising easy transfer to Delta flights.

Delta would have similar benefits in attracting travellers from the US to Japan. It would also benefit from being able to use ANA's facilities, including reservation facilities, throughout the carrier's extensive network in Japan and Asia.

The deal highlights the increasingly competitive environment, particularly in trans-Pacific travel, where low-cost US carriers have taken market share from the leading Japanese carriers. Japan's airlines have seen their profits eroded in the country's economic recession and as competition from lower-cost carriers has increased.

"There is a limit to competing on your own," an ANA representative said. "There is a need to pull strengths together."

The agreement follows a history of friction between the US and Japan over their bilateral aviation accord, which Japan claims unfairly benefits US carriers at the expense of Japanese airlines.

Also at issue has been access in and out of Tokyo's busy Narita airport and Japanese flight frequencies to the US.

The agreement also reflects the growing interest US airlines have in expanding their operations in the Asia-Pacific region, which is expected to be the most promising growth market for air travel in the near term.

Japan Air Lines, the country's largest airline, said that it could strengthen its competitive position through a similar tie-up and confirmed that it is in talks with other airlines about such arrangements.

Recently JAL announced that it would be sharing flights with Air France from Paris to Osaka, when the new Kansai International Airport opens later this year.

All Nippon Airways is also understood to be discussing commercial links with British Airways.

## Salinas backed to lead new trade body

By Nancy Durne in Washington

The leaders of 18 Latin American countries and Spain and Portugal have endorsed Mexican President Carlos Salinas to head the new World Trade Organisation, the Mexican embassy in Washington said yesterday.

The embassy said that leaders reached a consensus on the Salinas candidacy at the fourth meeting of the Ibero-American summit in Cartagena, Colombia. The decision will give momentum to the campaign on behalf of Mr Salinas.

Brazilian diplomats in London, however, cautioned that it was premature to suggest that Mr Salinas had unanimous support from the region, and underlined that Mr Rubeus Ricupero, Brazil's minister of the economy and a former ambassador to Gait, was the only candidate from Latin America yet to have been formally declared.

Mr Salinas is not expected to campaign for the new post, created by the Uruguay Round, until after the Mexican elections in August. However, his supporters both in and outside Mexico wanted to move quickly to head off the candidacy of Mr Ricupero, 57.

Among Latin American officials in Washington it has been expected that the region would unite behind one candidate. "Mr Salinas has the larger international stature," said one official. "He is a very strong candidate."

Mexico acted swiftly and deliberately to the week before the European Union was to rally around its own candidate - Mr Renato Ruggiero, a former Italian trade minister. Mr Ruggiero is expected to win the formal endorsement of the EU, probably at the Corfu summit next week.

In the US there is wide support for Mr Salinas, who is seen as energetic and ambitious. However, it is thought that Mr Salinas first must be the candidate of the developing countries before the US announces its backing.

Mr Pedro Solbes, Spain's finance minister, was recently quoted as saying that Mr Salinas was a "suitable candidate", and that he was to be appointed head of the organisation "we could not be in better hands".

## China seeks to boost vehicle parts sector Concentrate effort, UK groups told

By Tony Walker in Beijing

China will give preference to foreign automobile manufacturers who demonstrate their commitment by launching vehicle component projects to satisfy the country's huge demand for components and spare parts.

Mr Ye Qing, vice-director of the State Planning Commission, yesterday outlined conditions for the entry of foreign carmakers after a freeze expires on new manufacturers at the end of next year.

"All things being equal priority will be given to foreign partners who have shown good co-operation in the spare and component parts fields," Mr Ye told reporters.

China has not yet officially unveiled its new Industrial Policy for the Automobile Industry (IPAI), but companies such as Toyota and Mitsubishi, Ford and General Motors have been informed they have been excluded from establishing assembly plants until 1996 at the earliest.

Beijing has made it clear that it wants investment in its components sector which is backward, fragmented and inadequate for the demands of a modern automotive industry.

The car giants, who have been slow to take advantage of opportunities in China, are being told effectively they have to prove themselves by going into the components business.

Most of the big car makers are presently investigating possibilities, including seeking joint venture partners in components manufacturing.

Foreign manufacturers who established an early presence in China such as Volkswagen have been accorded a significant windfall under the present freeze on entrants to the ranks of international companies involved in assembly.

Mr Ye confirmed reports in the Chinese press that Beijing would establish three automotive conglomerates based on the Ist Auto Works in Changchun in north China where the Audi and Jetta cars are being assembled; Shanghai where the VW Santana is being produced; and the 2nd Auto Works near Wuhan in Hubei province where the Citroen ZX small car is being assembled.

China produced some 300,000 passenger vehicles last year and imported another 100,000.

The country plans to be producing some 1.5m vehicles by the end of the decade.

China produced some 300,000 passenger vehicles last year and imported another 100,000.

The country plans to be producing some 1.5m vehicles by the end of the decade.

to take advantage of opportunities in China, are being told effectively they have to prove themselves by going into the components business.

Most of the big car makers are presently investigating possibilities, including seeking joint venture partners in components manufacturing.

Foreign manufacturers who established an early presence in China such as Volkswagen have been accorded a significant windfall under the present freeze on entrants to the ranks of international companies involved in assembly.

Mr Ye confirmed reports in the Chinese press that Beijing would establish three automotive conglomerates based on the Ist Auto Works in Changchun in north China where the Audi and Jetta cars are being assembled; Shanghai where the VW Santana is being produced; and the 2nd Auto Works near Wuhan in Hubei province where the Citroen ZX small car is being assembled.

China produced some 300,000 passenger vehicles last year and imported another 100,000.

The country plans to be producing some 1.5m vehicles by the end of the decade.

By Alexander Nicol, Asia Editor

British companies as well as government aid should concentrate on a few centres of economic growth in China in order to maximise their impact and build strong relationships, Mr Richard Needham, the British trade minister, said yesterday.

Speaking at a London seminar on the city of Suzhou, he said: "I do not believe that a scattergun approach to China works. You may hit the target but you are far more likely to miss it."

He urged UK businessmen to consider Suzhou as one area to which they could establish a presence.

Mr Needham last year signed a memorandum of understanding with the mayor under which British companies are to be offered preferential terms for investment in Suzhou, which is 60 miles west of Shanghai, in return for co-operation on the city's development plans.

He expected UK companies to be involved in a full range of activities, particularly infrastructural projects such as power stations, telecommunications, and a clean-up of the canal city's water, as well in manufacturing investment and services.

The British presence would, in part, be a partnership with Singapore, which is building an industrial township to the east of the old city.

Mr Alan Barlow, a director of accountants Coopers and Lybrand, which has produced a report on the Suzhou plans, said: "We're piggy-backing on what the Singaporeans are doing."

Mr Needham said this triangular approach would also be appropriate in other parts of China, such as in Wuhan in central China, where Hong Kong companies are heavily involved, and in the eastern city of Fuzhou, where Taiwanese companies might be involved. He said there were similar opportunities in Bangalore, India, where Singapore is building another industrial park.

Mr Needham said Britain must make clear its long-term commitment to involvement in China's development, to order to counter suspicions about London's intentions after sovereignty over Hong Kong passed to China in 1997.

Failure to build on British investment in Hong Kong - which he estimated at \$50bn - would be a devastating loss and put Britain's role a world power in question, he said.

## Keeping politics out of the canal

Stephen Fidler on concern about its management by the Panama government in 1999

When some Panamanians look at what has happened to the canal, they despair of the prospects for the canal their government is due to take over at the end of the decade.

The railway, which connects Panama City on the Pacific Ocean with Colon on the Atlantic side, was handed over to the Panamanian government after ratification of the 1977 canal treaties between the US and Panama.

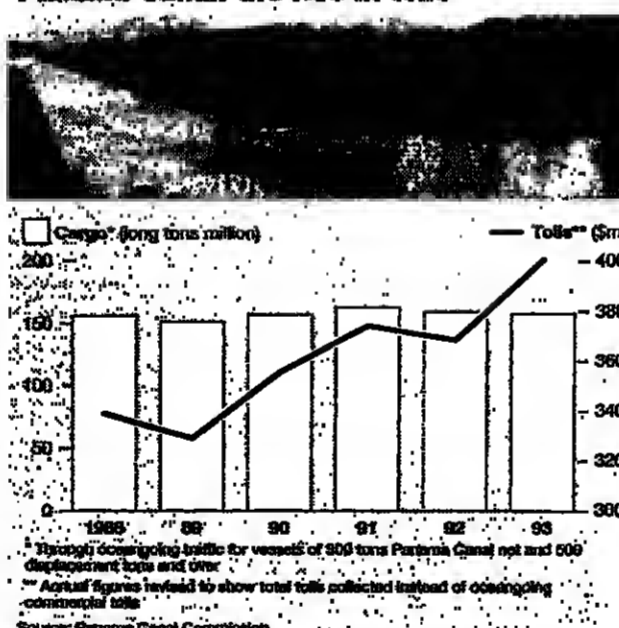
Handed over as a thriving concern, the railway is now virtually moribund. There is a nagging worry that the canal, in its 80th year of operation, may go the same way.

From the Panama Canal administration building at Balboa Heights, the inactivity of the railway can be clearly seen. According to Mr Gilberto Guardia, the canal's administrator and the first Panamanian to hold the post, the railroad serves as a useful reminder about what could happen if the management of the canal falls victim to political infighting.

"There is a legitimate concern over the deterioration of the railroad," he says. "Evidently it's an agency that had its share of mismanagement that was a result of its becoming politicised. From the point of view of the canal, it's a great thing that that happened."

Mr Ricaurte Vasquez, a former budget and planning minister, says the new government of Mr Ernesto Pérez Balladras, which will take office in September, "will have to send

Panama Canal: the rise in tolls



the world a signal that the canal will not be run as government has run things in the past."

Moves are already under way to do just that. Measures are before the Panamanian congress designed to ensure that the canal is isolated from Panamanian politics and run as an

independent business after it is handed over at midday on December 31 1999.

To encourage this, the US administration is expected to ask the US congress to approve changes to the Panama Canal Commission. These changes would convert the commission to a government corporation, allow the greater use of independent external advisers from countries other than the US and Panama, and allow the canal board the final authority to set toll rates. President Bill Clinton said the aim of the proposals would be to "facilitate and encourage the operation of the canal through an autonomous entity under the government of Panama after the transfer of the waterway."

Whatever happens once the canal is transferred, it is not going to affect the way the canal is managed in the meantime, says Mr Guardia. "We are managing it as if it were not going to be transferred," he says. The canal's maintenance plan is continuing - it is programmed until the year 2005 - and a plan is going ahead to widen the canal at its narrowest point, the Gaillard Cut.

Work started in January 1992 on this \$200m (\$122m) project - which will allow two-way traffic 24 hours a day for the largest "Panamax" ships which

can now, for safety reasons, only travel one way through the eight-mile channel during darkness.

Meanwhile, the canal is seeing the benefit of the revival of the economy in the US, officials say. Some 13 per cent of US trade still passes through the canal - despite the growth in container traffic across the US rail network - and the US remains the largest user of the canal. Revenues rose to more than \$400m in the last financial year ending September 30 for the first time, despite a fall in tonnage through the canal, thanks to higher tolls.

Canal officials say that higher tolls have not been responsible for the fall-off in traffic since 1991 and assert that even if tolls were eliminated completely most container traffic now using the US rail network would still use the route. The highest tonnage ever went through the canal to 1982 - the year a new oil pipeline opened across the isthmus.

But no toll increase is planned for this year after the 10 per cent rise that took effect in October 1992. "We don't envisage a toll rate increase next year either," says the administrator. "There is a possibility that we may go through 1996 [without an increase] but it's early to say."

## NEWS IN BRIEF

## Polish group to make Spanish cigarettes

Spanish cigarette brands will be made in Poland from this autumn under an agreement between the Tabacalera tobacco group and Polish state company ZPT Radom, writes David White in Madrid.

The accord marks the first foreign manufacturing investment by the partly-privatised Spanish company. It is the latest in a series of agreements between Polish cigarette manufacturers and international groups.

Tabacalera said it would spend about Pz1750m (£3.64m) on the Polish project. Apart from licensed production of Tabacalera's Fortuna and Winda brands, the two companies plan to introduce a new brand through a joint venture 51 per cent controlled by the Spanish partner.

Tabacalera will supply packaging equipment and raw materials and will take charge of promotion, with the Polish company responsible for production and distribution. Tabacalera said Poland ranked eighth among world markets for tobacco products with one of the highest per capita consumption rates of 7.28 cigarettes per day, compared with 5.6 in Spain.

Further deals are under discussion in other foreign markets in an effort by Tabacalera to offset a gradual decline in domestic sales.

## US, Japan to reopen glass talks

The US said yesterday it would resume negotiations with Tokyo over a glass trade dispute, Reuters reports from Washington. The office of Mr Mickey Kantor, US trade representative, said the two sides had decided to bring the flat glass sector under their trade framework negotiations.

In 1992 the Japanese government agreed to take steps to improve market access to the glass sector.

"Despite this commitment and concerted efforts by US and other foreign firms, imports into Japan from foreign flat glass manufacturers unaffiliated with Japanese glassmakers fell from 5.1 per cent to 3.5 per cent in 1993," the office said.

## Strong yen lifts car imports

Sales of the big three US carmakers in Japan have surged recently with the help of the strong yen and more aggressive marketing, writes Michio Nakamoto in Tokyo. Japanese sales of GM, Ford and Chrysler from January to May doubled from the same period last year to 16,531 units, according to the Japan Auto Importers Association.

While the yen's sharp appreciation has made US cars more affordable, the rise in sales was also helped by the greater awareness among Japanese consumers of US cars. Ford has launched prime-time advertising on Japanese TV and is putting the Ford name on dealers previously known as Autorama, which it owns through a joint venture with Mazda.

## Toyota to buy more US-built parts

Toyota of Japan plans to increase its purchases of US-built parts by nearly 40 per cent in the next three years, AP-DJ reports from Detroit.

Nearly all the increases will be in parts used by Toyota's US manufacturing plants. The carmaker spent \$4.65bn (£3.1bn) on US-built parts in the year ending in March 1994. Toyota projects that the total will reach \$6.45bn for the year to March 1997.

"Growth will continue as long as American suppliers continue working to shorten their lead times, to raise their quality and to lower their costs," the company's international purchasing manager, Mr Koichiro Noguchi, said yesterday. He said there was considerable room for improvement. US suppliers met their deadlines for developing part prototypes only 47 per cent of the time in work on the new Toyota Avalon, which begins production in September.

## IBM in Asian shake-up

IBM is to concentrate its south-east Asian computer processing operations in Australia, writes Nikki Tait in Sydney. The US company said that following a review of its requirements for the countries - Japan and Australia - instead of handling the work in each individual country.

A new centre, possibly in Sydney, will administer all IBM's business processing for the south-east Asian nations, ranging from customer ordering to maintenance. Government ministers said that the decision could lead IBM to boost investment in Australia by over A\$300m (£144.2m) during the next five years and create up to 375 additional jobs.

debis  
Immobilienmanagement

Potsdamer Platz Project

## Participation Competition for Selecting Firms for Carcass, Roof, Cladding Work and Lift Installations

We are supervising the construction of new city premises on the Potsdamer Platz in Berlin on behalf of Daimler-Benz AG.

The project is divided up into 4 sub-projects and 17 individual buildings:

Bldg comp	Bldg Use	
A	A1 Office	33.000
	A2 Residence	25.500
	A3 Residence	6.000
	A4 Residence	14.500
	A5 Hotel	30.000
UG	UG Car park/stores/tech bldg services	32.200
B	B1 Office/retail	20.000
	B2 Office/retail	2.700
	B3 Office/retail	11.500
	B4 Office/retail	18.100
	B5 Retail/residence	21.700
	B6 Office/retail	18.300
	B7 Office/retail	18.300
	B8 Residential/retail	18.500
	B9 Residential	10.600
UG	UG Car park/stores/tech bldg services	107.000
C	C1 Office	43.400
D	D1 Casino	8.000
	D2 Theatre	13.500

There will be a limited invitation to tender for the following services as part of a participation review under the control of VOD/A.

1. Carcass work
2. Cladding
3. Waterproofing of roofs
4. Lift installations

The services will be awarded separately in accordance with headings 1 to 4.

The building sponsor reserves the right to select applicants without constraint.

It is planned to award the building services separately for individual buildings or groups of buildings.

## Planned completion times:

Building C	January 95 - November 96
Building A2 - A5	May 95 - November 96
Building B5 - B9	July 95 - April 97
Building A1/B1	September 95 - June 97
Building D1 - D2	November 95 - February 97
Building B3-4	October 96 - May 98

Please enclose the following documents with the application as evidence of capability:

1. Turnover of company in last 3 trading years in relation to comparable services.
2. References with details of contract size and contract dates.
3. Number of employees broken down into occupational category.
4. Technical resources available.

Applications must be sent to writing by 24.6.94 to our company in charge of project control:

DREES & SOMMER AG  
Projektmanagement und technische Beratung  
Obentrautstraße 72  
D-10963 Berlin  
Tel.: 030/21 50 95-0  
Fax: 030/21 50 95-20

Big rise in spending on research and development but still behind rivals as share of profits or sales

# R&D growth ahead of world competitors

By Daniel Green and Clive Cookson

UK company spending on research and development is growing faster than that of its main international competitors and, for the first time in at least four years, faster than dividend payments to shareholders.

UK R&D spending rose 9 per cent to £7.1bn, according to the Department of Trade and Industry's R&D scorecard, published today. It also shows that the UK has a long way to go before it catches other countries in terms of R&D spending as a propor-

tion of sales, profits or dividends.

Mr Michael Heseltine, secretary of state at the Department of Trade and Industry, said the figures were "very encouraging" although "there is still some way to go to catch up with the world's best standards."

The scorecard measures R&D spending anywhere in the world by companies based in the UK.

The international top 200 companies devoted an average 4.86 per cent of 1993 sales to R&D, compared with 2.52 per cent for the 13 British companies in the group.

But the rise in the total R&D spend last year of the top 200 international companies was just 2 per cent, less than one quarter of the increase of the top 100 in the UK.

General Motors of the US was the world's biggest R&D spender with a budget of more than \$4bn. It is followed by German engineering group Daimler-Benz, Ford Motor of the US and Japan's Hitachi.

Those three nationalities dominate the world's top 20 which has just one representative from France, the Netherlands and the Swiss-Swedish

Asea Brown Boveri. The biggest UK spender, drug company Glaxo, is ranked 42nd.

However, the UK's pharmaceuticals industry stands out as central to the country's R&D effort. Four of the top six UK spenders on R&D are drugs companies (Glaxo, SmithKline Beecham, Zeneca and Wellcome) and the pharmaceutical sector carries out 31.8 per cent of all industrial R&D in Britain.

Among the top 200 international companies, the sector accounts for only 8.8 per cent of all R&D spending.

The UK performance in other areas is mixed. Engineering companies spent 10 per cent more than in 1992, led by Rolls-Royce and British Aerospace.

But electronic and electrical companies spending on R&D fell by 1 per cent. And spending by oil companies fell by 5 per cent. BP cut its budget by one quarter. Mr Heseltine refused to criticise particular companies for spending too little. "I would not seek to put my judgment as a politician into the minds of individual boards of directors."

## Britain in brief



### 700 sacked on Severn bridge project

Over 700 construction workers on the second Severn crossing were dismissed as they staged a 24-hour strike over pay. Work on the £300m bridge, between England and Wales, is expected to be at a standstill today.

The privately-financed bridge is being built by Severn River Crossing, a UK-French consortium with John Laing-GTM Entrepren as main contractor. Laing-GTM said last night letters had been posted to everyone who took part in the strike, telling them they were being dismissed for breaching their terms and conditions of employment.

The workers, members of Ucat, TGWU and GMB unions, voted in favour of limited industrial action at the start of this month. They intended to stage a second 24-hour strike next week. Most of the men dismissed were working on the English side of the bridge, and about 100 on the Welsh side.

### Net book judgment

The net book agreement, a pricing pact by publishers which prevents most books being sold at a discount, should not be allowed to continue, the advocate-general of the European Court in Luxembourg advised.

The opinion applies only to the trade in books between EU member states, and not to book sales within the UK. It could affect, in particular, books exported from the UK to Ireland.

The view of advocate general Carl Lenz is not binding on the European Court but the court's decision are usually in line with its advisers' recommendations. A final decision is expected before the end of the year.

### City cordon permanent

The experimental security barriers set up in the City of London in the wake of last year's Irish Republican Army bomb attack are to become permanent from today.

The City of London Corporation said the scheme had brought about a dramatic cut in the local crime rate, an improvement in traffic circulation, and a reduction in pollution.

### ESOPs seen as big bonus

An overwhelming majority of non-quoted companies with employee share ownership plans (ESOPs) believe they improve their corporate competitiveness and the motivation of their workers, according to the annual survey published yesterday by the ESOP Centre.

More than four out of five managers say their employees are more productive because

of the ESOP, a 75 per cent increase on the figure in the last survey in 1992.

### Three in race for Labour

The contest for the leadership of the opposition Labour party, vacated after the sudden death of John Smith, will be between three MPs who have attracted enough nominations to enter an election. They are Tony Blair, 46; John Prescott, 46; and Margaret Beckett, 42.

### 'Terriers' for Falklands

Soldiers from Britain's part-time volunteer Territorial Army serving in Northern Ireland are to be sent to the Falklands for a tour of duty for the first time.

The volunteers will enlist into the regular army for the tour and are expected to rejoin the TA on their return to Ulster.

### Terminal for tunnel traffic

Work on the development of the Daventry International Rail Freight Terminal should start by the end of the year, following the decision of the Department of Environment not to object to the project to a public enquiry.

Daventry District Council has already stated it is prepared to grant planning permission for a rail port with 2.3m square feet of manufacturing and distribution space.

Abbott Estates, the developer, in which Severn Trent Water has a majority stake, said the finished scheme would have a value of £140m.

The terminal will compete for Channel tunnel traffic with Hams Hall, near Birmingham, being developed by Trafalgar House and PowerGen.

### French forum for Teeside

A French Business Council, based in Teeside, north-east England, has been set up to improve commercial, training and educational links between the region and the French-speaking world. The Department of Trade and Industry is providing financial support for the council's first three years.

### Tory Party chief to quit

Sir Norman Fowler is to stand down as Tory Party chairman but will carry on in the job until his successor is named, he announced yesterday. He pledged to John Major that he would give him "the sturdiest possible support from the backbenches through to the next election and beyond".

This was an indication that John Major's critics on the Conservative benches will have to face a counter-attack from Sir Norman and other loyalists.

### Vote for women priests

Scottish Episcopal Church today voted in favour of the ordination of women at annual general synod in Edinburgh.

## Retail sales growth figures levelling off

By Gillian Tett, Economics Staff

Growth in retail sales levelled off in May compared with April, although the underlying trend points to a subdued rate of recovery.

The Central Statistical Office said yesterday the retail sales volume in May was 0.9 per cent higher than the previous May.

This was slightly slower than April's figure, which was revised down yesterday to 4.1 per cent from the 4.4 per cent published last month.

But comparing the two months, the index showed the volume of sales was unchanged, after growing by 0.5 per cent in February and March.

The British Retail Consortium, the main industry body, yesterday made light of this flattening off and pointed out that the underlying trend remained positive.

Mr James May, director-general of the consortium, said: "This shows that consumers are still willing to spend in spite of the tax increases."

Measured on a three-month basis - an indicator economists believe is a better guide to the trend - retail sales grew by 0.9 per cent in the three months to May compared with the previous three months, and were up 3.9 per cent on the same period last year. This rise was spread fairly evenly across the sectors, with all the non-food sectors reporting rises of about 0.8 per cent in the three months to May, compared with the previous three months.

Food retailers reported a slightly better rise of 1.3 per cent during this period.

Within the last month, footwear and clothing was the

most sluggish sector, with sales volumes falling by 1.7 per cent in May, after surging in April.

Economists said this dip was partly due to poor weather at the start of the month.

Household goods, by contrast, grew by 1.7 per cent last month, after falling back in April. In spite of this, the consortium said the furniture and carpets sector continued to be affected by the uncertainty in the housing market.

This was also undermining sales of DIY and electrical and electronic goods, the consortium added. Sales of televisions and hi-fi goods were up compared with last year, while white goods sold at the same level.

Retailers continued to face intense cost competition, with consumers remaining very price-sensitive, the consortium added.

This trend was most sharply indicated in the monthly household goods data, where the total value of sales fell by 3 per cent in spite of the growth in volumes. The figures were greeted with some relief in the City, where some analysts had feared sales might dip slightly after a Confederation of British Industry survey earlier this week reported retailers had become more pessimistic.

Mr Ian Shepherdson, UK economist with Midland Global Markets, suggested that one reason for the discrepancy between the CBI survey and CSO might be that the CBI survey gave more weight to the voice of smaller retailers.

Since large retailers were performing better than small ones, according to the CBI, this might explain why the tone of the CBI survey was less optimistic, he said.



The CrossRail project to create an underground link across London from east to west may have been thrown out by a parliamentary committee but work is continuing on the design of the £2bn link. A full scale mock-up of the train went on display in London yesterday. Attempts are being made to revive the project. Supporters have written to MPs urging them to back a motion to send the bill back to the four-man committee which originally rejected it. The project was turned down because of revised traffic forecasts and fears it would not attract private sector finance.

## New skills sought in transport projects

By Charles Batchelor, Transport Correspondent

A new breed of entrepreneur able to master a wide variety of business skills will be required if the private sector is to be brought into transport projects, according to Mr Peter Kent, the Bank of England member of the government's private finance panel.

It was unreasonable to expect a single group to have all the skills needed to design, build, finance and operate transport projects such as road bridges or railway lines, he told a Financial Times conference, Transport in Europe.

The government had come a long way in its approach to the involvement of private finance but further changes were needed if private funding was to be found for the more than 100 projects in fields which also included health, education and prisons.

Treasury guidance on the private finance initiative issued earlier this year had still not fully sunk in throughout the public sector, he said. So many companies were being asked to tender for some projects that their combined costs of preparing bids were higher than the value of the contract.

Departments must also provide sufficiently detailed specifications of projects. But the private sector should not forget that civil servants were taking risks in agreeing contracts they might have to defend before the public accounts committee.

Sometimes public accounting conventions, including the government's insistence on not committing funds for more than one year, posed a real difficulty for the private finance initiative.

was that the candidate's description must not be more than six words nor obscene, but there was no copyright over party names.

Before the election, a High Court challenge by the Liberal Democrats to Mr Huggett's nomination was unsuccessful.

The last occasion on which the courts overturned the outcome of a parliamentary election was in July 1961 when Mr Tony Benn was barred from the Commons after inheriting the title of Viscount Stansgate.

Advice to returning officers

## Lib Dems in legal challenge to poll defeat

By Roland Adburgham, Wales and West Correspondent

The Liberal Democrats, Britain's second opposition party, are taking legal action to have the result of last week's European parliamentary election in Devon and Plymouth East declared void.

The seat was held by the Conservatives with nearly 76,000 votes, a majority of 700 over the Liberal Democrat Mr Adrian Sanders. But a candidate calling himself a Liberal

Democrat polled more than 10,000 votes. The Liberal Democrats believe the "lookalike" confusion deprived them of what would have been their third European seat.

Mr Graham Elson, the party's general secretary, said yesterday "several hundred" people had already said they had been misled into voting for the Liberal Democrat, Mr Richard Huggett.

"Many people in the constituency feel cheated - that they had their votes stolen from

them by Mr Huggett and were disappointed," he said.

The Liberal Democrats, after advice from counsel, are to issue an election petition against Mr Frank Palmer, the returning officer, and against the winning candidate, Mr Giles Chichester. A hearing by the electoral court - presided over by two High Court judges - might take place within weeks. If the petition is successful, the court could order the election to be rerun.

Mr Piers Coleman, solicitor

for the Liberal Democrats, described an electoral petition as an "extremely rare phenomenon which is treated by the courts with the utmost priority".

He believed the last successful petition after a parliamentary election was in 1982.

Mr Palmer, chief executive of South Hams district council and a returning officer for nine years, said yesterday: "I felt the nomination was validly submitted and I did not have the power to invalidate it."

Advice to returning officers

## Euro-poll 'backs Ulster peace plan'

By David Owen

Sir Patrick Mayhew yesterday claimed that last week's European elections had given London a democratic mandate for pressing ahead with efforts to forge a lasting political settlement for Northern Ireland.

On the eve of today's inter-governmental conference between British and Irish ministers in Dublin, the Northern Ireland secretary told MPs that more Ulster votes had voted for candidates "supportive of or acquiescent in" the Downing Street Declaration than for candidates who opposed it.

Last week's poll was topped by Rev Ian Paisley, leader of the hardline Democratic Unionist party, who chose to run his campaign as a referendum against the declaration. But his majority over Mr John Hume, leader of the mainly Catholic Social Democratic and Labour party, was much reduced.

Mr Paisley nevertheless claimed earlier this week that he had achieved what he set out to and he wanted an urgent meeting with Mr John Major, the prime minister.

Today's conference, which will be attended by both Sir

Patrick and Mr Michael Ancram, Northern Ireland minister, is expected to focus on making further progress on a framework they hope to complete in time for an Anglo-Irish summit in mid-July.

The two sides have made good progress on the document, which is designed to help forge a durable political settlement in the province by spurring political talks involving Ulster's main constitutional parties.

But potential sticking-points have emerged over whether the agreement should contain an explicit commitment by

Dublin to rescind its constitutional claim over Northern Ireland and whether it should set out a specific blueprint for the future, or simply provide a starting-point for new talks.

Sir Patrick was supported yesterday by Mr Kevin McNamara, opposition spokesman on Northern Ireland, who called for republican leaders to renounce violence in view of the "strong mandate" the elections had given to parties seeking peace.

Sinn Féin, the IRA's political wing, saw its support advance by 1 percentage point to 10 per cent.

## Go-ahead for dairy industry shake-up

By Deborah Hargreaves

The British government yesterday gave the go-ahead for the biggest shake-up in the dairy industry in England and Wales for 60 years by approving plans to liberalise the £3.3bn milk market.

The announcement ends six years' of uncertainty over plans for the dairy sector after the future of the Milk Marketing Board was first questioned in 1988. Mrs Gillian Shephard, agriculture minister, approved a scheme by the milk board to set itself up as a voluntary

farmers' co-operative called Milk Marque. This leaves dairy companies free to buy their milk directly from farmers from November 1.

But Britain's dairies still held reservations about Milk Marque's plans for sales under the new market rules fearing the co-operative would retain too dominant a position. The Dairy Trade Federation which represents dairy companies, has threatened legal action.

Mrs Shephard recognised purchasers' concern that Milk Marque might abuse its dominant position, "but the compe-

tition authorities will be monitoring them very closely from the start of operations and there is no reason for Milk Marque to act unreasonably," she said.

Farmers which have already signed up with Milk Marque have a 2-week cooling off period to reconsider, but most dairies expect the new co-operative to gain control over at least two-thirds of supply.

Mrs Shephard said that consumers should not expect to pay a higher price for milk under the new market rules even though farmers were

expecting price increases. Mr Andrew Dare, chief executive of Milk Marque, agrees that there will be slight increases in prices to farmers on average "not miles beyond the rate of inflation." He said British farmers received below-average EU prices.

Supply continues to be constrained by EU quotas which will tend to push prices higher but Mr Dare said imports would be sucked in from the continent if prices rose too high. The next 4 weeks will see a scramble in the dairy industry to secure milk supplies.

## Red-hot sales for small company with big aims

"Pukka People Pick a Pot of Patak's," runs the television advertising for Patak's Indian foods, which range from pickles and pastes to ready-to-eat mini-pappadums.

Indeed, so many pots of Patak's were picked from supermarket shelves during last year that the small Wigan-based family firm found itself in the unlikely position yesterday of owning the UK's fastest-growing consumer goods brand.

Patak's achieved a red-hot 92 per cent growth in retail sales in 1993, according to figures collected by Nielsen, the market intelligence company, which were published in the trade magazine Marketing's annual Biggest Brands survey.

Says the magazine: "So used are we to seeing the Procter & Gamble and Unilevers dominating Biggest Brands that it comes as something of a shock to discover that our fastest-growing brand this year is owned, not by a multinational with an advertising budget to match, but by a family-owned food company with a TV presence you'd need tracker dogs to find."

Procter had to be content with second place on the list of

fastest-growing brands, with 77 per cent growth for Always, its sanitary towels with "wings", third, with 45 per cent growth was Eternity, the Calvin Klein fragrance for men.

Compared with the big boys, Patak's sales are tiny: trade estimates put the company's annual turnover at £15-20m, about one-third of that going in overseas business. This compares with the number one retail brand, Coca-Cola, which had sales of over \$11m in the UK alone last year and spent an estimated \$3.1m on advertising, compared with Patak's \$500,000.

But while some of the largest food brand names strive to inject a home-made, family feel into their mass-produced products, Patak's can justify claim to be the real thing. The company was founded in the 1950s by the father of the current chairman, Mr Kiril Patak, and is still entirely family-owned.

Patak's sales are tiny: trade estimates put the company's annual turnover at £15-20m, about one-third of that going in overseas business. This compares with the number one retail brand, Coca-Cola, which had sales of over \$11m in the UK alone last year and spent an estimated \$3.1m on advertising, compared with Patak's \$500,000.

But while some of the largest food brand names strive to inject a home-made, family feel into their mass-produced products, Patak's can justify claim to be the real thing. The company was founded in the 1950s by the father of the current chairman, Mr Kiril Patak, and is still entirely family-owned.

Patak's surge in growth came a year or so after the company took on its first non-family director, Mr David Page, in 1991. Mr Page, who formerly ran Campbell's grocery products in the UK, met Mr Kiril Patak at a dinner party and ended up as managing director. Deciding initially to spend money on TV advertising was, says Mr Page, "the big pill for us to swallow in terms of costs" but it gave the company the boost it needed.

"We're big believers in 'if it ain't broke don't fix it'. We intend to continue with exactly the same strategy," he says.

Nippon,  
la agree  
o-operate

sb group:  
spanish  
rises

## MANAGEMENT

CHRISTOPHER LORENZ

## Learn the lessons of history



Unlike their counterparts in politics, the armed forces and the legal profession, many business leaders would agree with Henry Ford that "history is bunk". They see little use for it. The loss is theirs - and that of their employees and shareholders. If Kenneth Olsen, founder and former head of Digital Equipment, had had a better grasp of America's 19th century industrial history, his company might not have plunged into the deep trouble in which it is now struggling. The same is true of IBM, Kodak and a string of other leading companies on both sides of the Atlantic that are having to go through fire to replace obsolete technologies.

They are suffering from a phenomenon that has plagued successful large enterprises at least since industrialisation began: the tendency to react inappropriately to a technology or other kind of radical innovation that threatens their core business.

Some companies fail to notice an innovation until it is too late. Others reject it, re-investing desperately but usually ineffectively in their existing technology or business. Still others embrace it, but only half-heartedly.

Whatever their reaction, the net result is what James Utterback, a professor at the Massachusetts Institute of Technology, calls the disturbing regularity with which leading companies "follow their core technologies into obsolescence and obscurity".

In different ways, Digital and IBM both mishandled the emergence of personal computers, under-rating vastly the impact that PCs would have on their main and mainframe businesses.

Digital then compounded the problem by its schizophrenia towards new Risc (reduced instruction set computing) architecture for computer workstations. It was slow to move into it and, torn by its long commitment to its old VAX technology, continued to make parallel investments in the latter for far too long. As a result it was torn by indecision

and turf warfare. By contrast, its smaller arch-rival Sun Microsystems broke single-mindedly with its old workstation technology and prospered.

Digital was probably more at fault than most companies. For, as Utterback shows in a fascinating and very readable new historical study\* of how companies can seize the initiative in the face of technological change, one of the most instructive past examples occurred in Digital's own Massachusetts backyard.

Over the four decades to 1980, the New England ice-cutting industry built a formidable delivery business across large swathes of America. The New Englanders invested steadily in so-called "incremental" innovation, improving their processes and productivity sharply.

But then a threatening "radical" innovation arrived: mechanical

## In many industries radical innovations almost always come from outside the industry

ice-making machines from France, which allowed the product to be made near its markets. Over the next 30 years machine-made ice took over from the natural variety, even though the cutters ploughed more resources than ever into process improvements. But they steadfastly refused to embrace the new. None even experimented with carrying their ice south in refrigerated ships.

Utterback's book is full of such examples. They include the self-defeating ways in which companies and their famous leaders - even the redoubtable Thomas Edison - reacted to successive 19th-century innovations: how Remington came to dominate the new typewriter industry only to cede leadership to IBM 80 years later when the electric age arrived; and the near-lethal resistance of Goodyear and Firestone to Michelin's radial tyre technology in the 1970s.

Only in what Utterback calls

non-assembled products, such as tyres, glass, and other continuous processes, do incumbents such as Michelin have a good track record in either pioneering the new, or switching to it when under threat.

Utterback's analysis offers many other lessons for the hard-pressed modern manager. They include: ● Radical innovation is uncomfortable, but vital. If a company does only short-term, incremental innovation, it is failing to prepare for the future. It is hastening the inevitable decline of its business.

● Most radical innovations are less surprising than they seem. They exist in embryo for many years before they become commercially significant, and are based on well-known technical information or components - which defending companies sometimes possess themselves.

Yet in many industries radical innovations almost always come from outside the industry. So "benchmarking" and the collection of competitive intelligence should not be limited to industries resembling one's own. Instead, new company activity in other fields should also be monitored.

● It is hard enough for a company to follow a "dual strategy" of defending its old technology and developing the new. Doing so in the same part of the organisation is a recipe for conflict and suppression of the new. Part of the solution is to establish a separate and very independent unit.

The trouble is that most such units have always suffered an unfortunate fate, which Utterback does not discuss. The moment they have shown signs of success, they have tended to be wrapped back into the main organisation, and their innovative drive stifled rather than spread.

IBM might not be in quite such a mess today if, instead of following this predictable pattern, it had given its originally independent PC unit longer life, and cloned the same approach for other innovations. But, like Olsen, IBM's recent leaders never bothered to learn such lessons from history.

\* *Mastering the Dynamics of Innovation*. Harvard Business School Press. \$24.95

Edward de Bono can barely keep the scorn from his voice as he dismisses the teachings of Socrates, Plato and Aristotle. The Gang of Three, as he calls them, have locked western societies into rigid patterns of thought that have sapped our energy and creativity, leaving us ill-prepared for a world that is changing rapidly.

Luckily there is a saviour in sight - in the shape of de Bono himself. The man who introduced the world to lateral thinking has come up with a new process, the Six Thinking Hats, with which he feels he has trumped the classical philosophers once and for all.

Sitting over a glass of water at the Criterion Restaurant in London, he fires off a description of the Six Hats, impatiently shrugging off questions, especially the sceptical ones. These hats promise to make every manager - nay, every human being - more effective, he says.

By making all participants think in parallel the system can cut meeting times in half. For the average manager, who spends 40 per cent of each day in meetings, the savings could mean the equivalent of an extra day a week.

The six hats are already well established in the US. IBM, Du Pont and Federal Express wear them. So does the Mormon Church. In Japan NTT has been converted to six-hat thinking, as has Marzotto in Italy.

But in the UK they are still pretty obscure, hence the thinker's flying visit. On Tuesday night he pecked the Institute of Directors to explain the principles to business leaders and a few politicians. "The Six Hats are a fundamental change in the basis of western thought," he explains. "The standard way of discussion is to discover the truth by naming an untruth. This is very limited. My method gets away from that to parallel thinking."

The method may be revolutionary and universal, but what exactly is it? De Bono explains that each hat has a colour and stands for a particular thought process.

The white one is for gathering information. The red is for feelings and emotions. The black hat is for caution, criticism and assessing risks. (British people are particularly fond of this one, he says, and warns that it should not be over-used.) The yellow one is for looking at benefits and for studying feasibility. The green hat is for new ideas and possibilities. And the blue one is the "meta" hat which manages the whole thinking process.

At any one time everyone in a meeting wears the same colour hat, and together they work through the colours to consider the issue from every angle.

De Bono is unimpressed by any



De Bono: "The standard way of discussion is to discover the truth by naming an untruth. My method gets away from that."

## Put on your thinking caps

Edward De Bono tells Lucy Kellaway about the benefits of his new Six Hats approach to meetings

suggestion that his hats are just a gimmicky way of describing what we do anyway. "I did an experiment of 250 executives in Canada. I divided them into two groups, and asked one to judge a subject, and the other to judge it wearing the Yellow Hat for 2 minutes and the Black Hat for 2 minutes."

The group that used the hats performed three times as well as the other group, which looked at the pros and cons in an undisciplined way. "The chemical setting in the brain is different when thinking positively and negatively. If you try to do both at the same time you do not do either properly," he explains.

But might not some people find it irritating to be told what sort of hat to wear? Not a bit of it, he says, the hats help people think better, and as soon as they realise the advantage there is no stopping them.

Apparently at the Prudential in Canada the hats have been woven into the carpet. At Marzotto in Italy there are hat posters plastered over the walls.

By getting all participants to think in parallel the discussion

becomes faster, the final decision clearer. Everyone uses their full intellectual horsepower, as each person is forced to be positive, negative, creative and so on. The hats also do away with egos and politics, as there is no scope for people to block ideas by wearing the black hat throughout.

Asking people to wear different coloured hats may bring on thoughts that would otherwise have been suppressed. At a meeting of US senior executives from Rothmans, the tobacco multinational, De Bono asked whether the company should set up clinics to help people stop smoking. With red hats on, two thirds said it was a good idea. "That would never have emerged in an ordinary discussion. They may not want to set up a clinic now, but may keep it for next time they are really under pressure," he says.

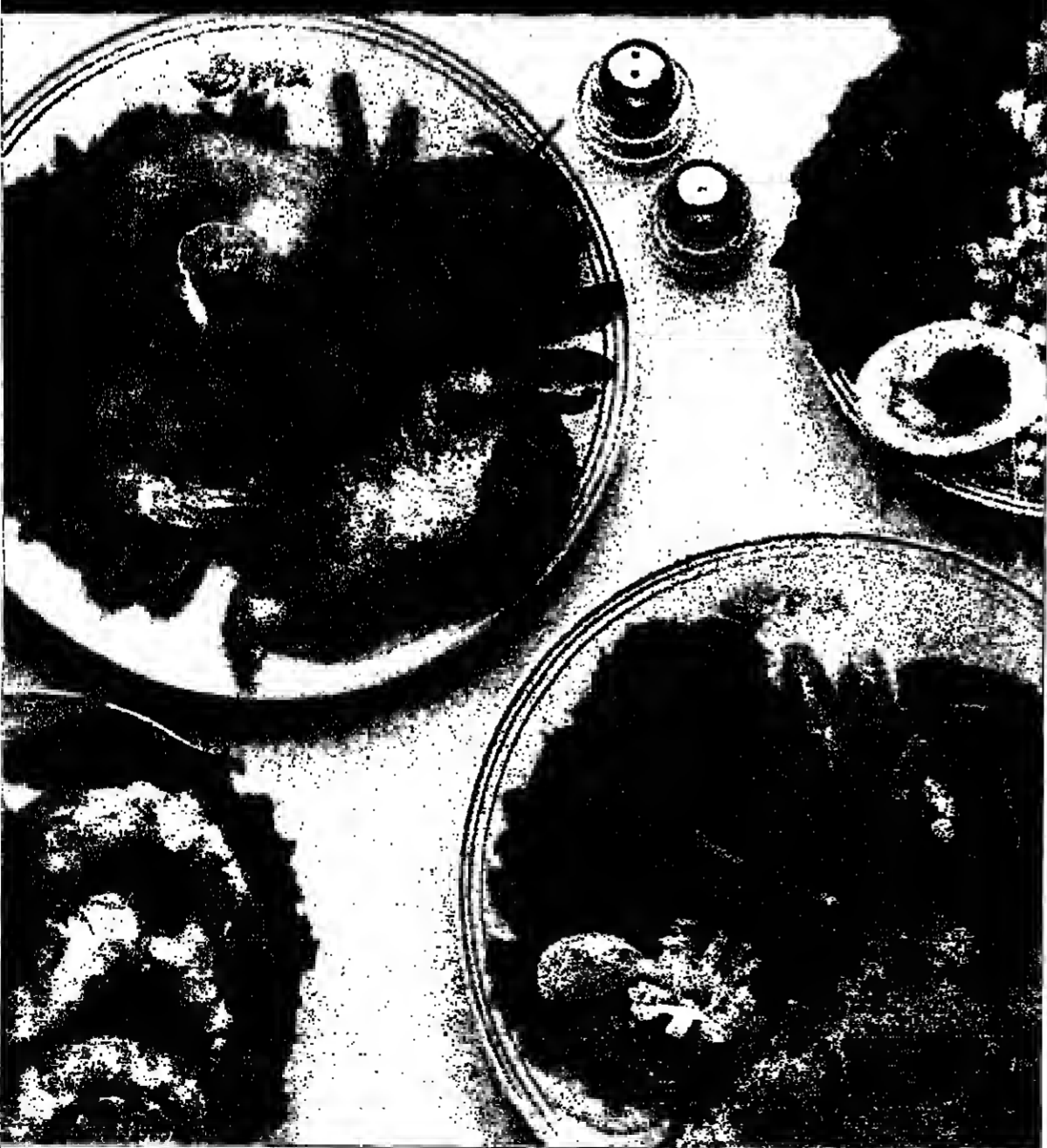
He claims his system translates into all cultures: in Japan it allows subordinates to express their feelings or to point out a danger, in a way that would otherwise be unthinkable. At The Sowetan, a South African newspaper, it has

been used as a way of discussing complicated emotional issues without becoming too bogged down.

De Bono thinks the Six Hats may gain an even greater hold than his earlier work because it is both simple and universally applicable. Indeed, it is so big that he feels he cannot carry it alone. "If it just depends on me, then I am restricted on the time I am available and on price." He has decided to franchise his ideas, and has already licensed 200 trainers in the US to spread the gospel. This week he announced that Svend Holst, a training consultant based in Buckinghamshire, will be his UK disciple.

De Bono thinks the system goes far beyond meetings between managers: politicians and families could wear the hats to advantage. "I'd like to see Parliament using it," he says, giving his only smile of the interview. This is meant to acknowledge that he cannot see it happening. I'm not so sure: I can just hear Betty Boothroyd, the speaker of the House, saying: "Will Right Honourable members now put on their Green Hats."

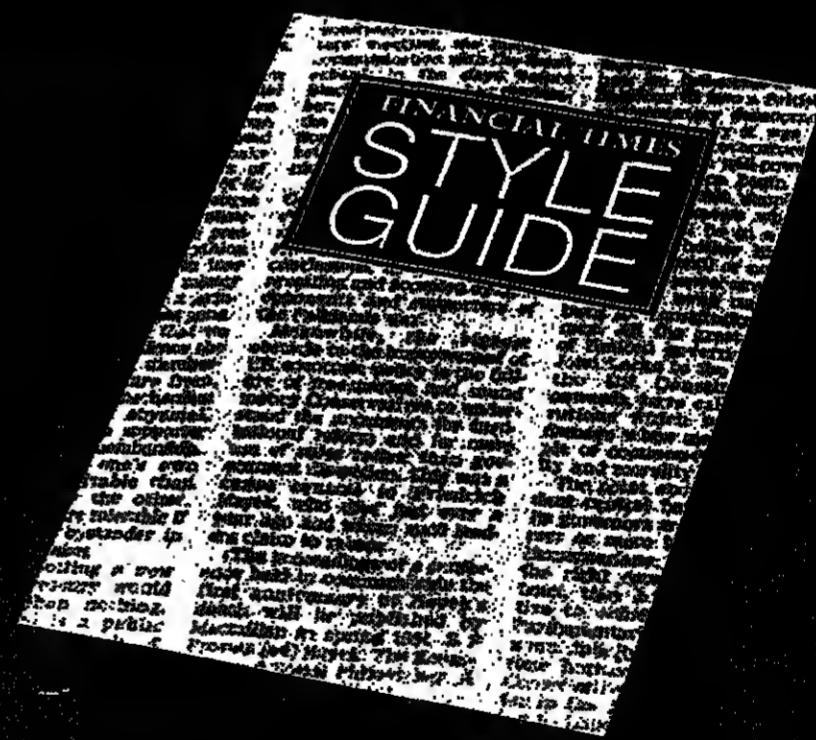
WE OFFER YOU A  
WIDER CHOICE OF FOOD.  
HOT OR HOT.



Some like it hot, so they choose from the wholesome, hearty western lunch and dinner menus on board their PIA flights. Others like it even hotter, so they prefer our tantalisingly spicy eastern dishes. And those who like it both ways are sure to have a return ticket to any of our 44 international destinations in 40 countries around the world. Our choice of hot in-flight cuisines is just another reason to look at us now.



## The Financial Times Style Guide.



## Everything you need to know about writing.

The Financial Times Style Guide has been created to offer advice on all aspects of good writing practice. It outlines basic rules, highlights common errors and includes current forms of spelling.

Set out alphabetically, it is simple, informative and easy to use. It has also been designed to be entertaining.

A reference section includes glossaries of

commodities, computing, financial, shipping and scientific terms, lists of commonly used abbreviations, weights and measures and world currencies. The book also contains a guide to stock market indices and an explanation of the libel laws.

The Financial Times Style Guide is only available by post. If you would like a copy, please fill in the voucher below.

To: John White, Financial Times Ltd., Number One Southwark Bridge, London SE1 9HL. Fax (071) 873 3072  
I would like ☐ copies of the FT Style Guide, price £10 (+ post and packaging £2).

Please charge to my: American Express ☐ Mastercard ☐ Access ☐ Visa ☐ Only UK cheques accepted: ☐

Card expiry date: \_\_\_\_\_ Card number: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Company: \_\_\_\_\_ Tel: \_\_\_\_\_

Address: \_\_\_\_\_

Postcode: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

(No order accepted without a signature)  
The information you provide will be held by the Financial Times and may be used to keep you informed of FT products and by other selected companies for mailing list purposes. The Financial Times is registered under the Data Protection Act 1984. The Financial Times, Number One Southwark Bridge, London SE1 9HL. Please tick this box if you do not wish to receive any further information from the FT Group or companies approved by the Financial Times.

## PROPERTY

The root-and-branch overhaul of BT's property portfolio promises to be one of the most thorough ever attempted in the UK.

BT, which owns three-quarters of the 75m square feet of space it occupies, has the third largest corporate property portfolio in the UK. But by 2010, it wants to dispose of virtually all its property which is, or will have become, obsolescent.

"In the UK we have too much of the wrong quality of space located in the wrong location costing too much to run," said Mr Alan White, BT's group property director.

BT's running costs for its properties total \$1.1bn a year, its third largest expense after salaries and depreciation. "It was not until the end of the 1980s that there was a realisation that property cost what it did. It came as quite a shock," said Mr White.

The telecoms group believes it now has the opportunity to slash its property costs. It has embarked on a big rationalisation programme which will reduce its workforce from 240,000 in 1987 to about 110,000 by 1998. Moreover, BT believes it will be able to reduce its operational sites - such as telephone exchanges - from 6,000 to 500 within the next 10 years.

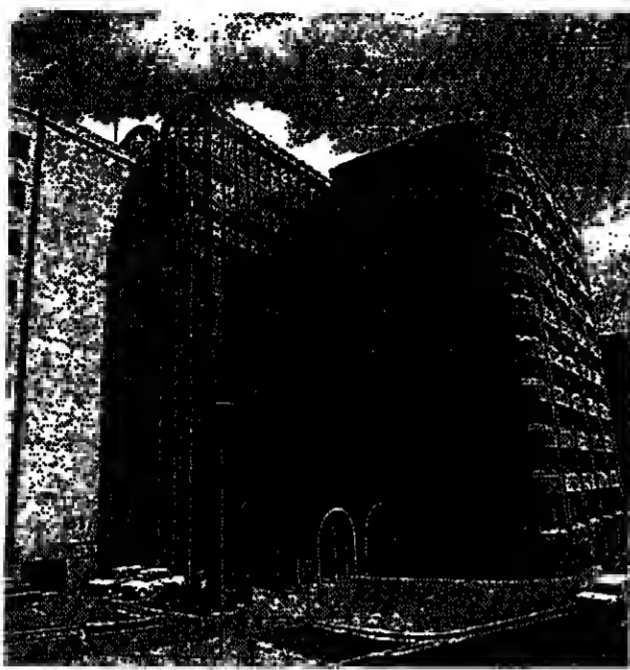
A smaller workforce will cut BT's property requirements. The company plans to reduce its property portfolio from 75m sq ft to 15m sq ft by 2010, slashing annual running costs from \$1.1bn to \$200m. Over the past two years the company has shed some 5m sq ft of space; it will continue to sell between 3.5m sq ft and 4m sq ft a year for the next 10 years.

Virtually all of BT's buildings are up for sale - the most marketable, as well as those which are known to be surplus. "We are prepared to be flexible," said Mr White. Disposing of such a large amount of space is a daunting task, particularly where obsolete buildings are concerned. "It is not as if we have something that people want," he added.

BT has made its priority the examination of those properties that pose "the greatest threat and opportunities" in terms of running costs, according to Mr White. It first concentrated on high-cost units and, in particular, looked at properties with long leases, where leases were ending, where there was a notice to break a lease and where there was a sub-leased property. The company is also looking

## BT's big sell-off

Vanessa Houlder on the UK group's property disposals



Slashing property costs: BT headquarters in the City of London

for quick routes out of leases. It is taking advantage of opportunities to sell leases to adjoining owners wanting more space, to developers and to freehold owners seeking to gain possession in order to redevelop or to release for higher returns.

On its leased buildings, for example, BT will sometimes seek to persuade landlords to cancel leases for a one-off payment of advance rent, although, as Mr White said, "it is not an easy process to persuade people to give up a triple A covenant."

More radical proposals are also being studied. BT has examined the possibility of disposing of a mixed package of properties to investors or even spinning off the entire portfolio to BT shareholders under separate management.

"There is no doubt that at this current stage of the UK real estate investment cycle such a route for corporations with large portfolios looks attractive," said Mr White.

The disposal of large quantities of property also presents organisational problems. As jobs are shed there is a continuing need to re-arrange staff within and between offices.

The disruption caused by these office moves is tempered by BT's attempts to upgrade offices before it transfers staff. "I think our popularity [with staff] is improving," said Mr White. "We are moving people to a better office environment. We are persuading them by a carrot rather than a stick."

Senior managers of business units within BT are encouraged to co-operate with the

property division, particularly as their business plans contain rigorous targets for reducing property costs.

According to Mr White, a measure of the importance with which the group treats property is that BT's chief executive reviews portfolio performance quarterly, while the chief financial officer reviews the portfolio at least monthly.

As well as cutting property costs, BT believes its property portfolio overhaul should change the company's culture and improve productivity. It believes that by transferring people from old-fashioned to more modern offices "people can jettison outmoded ways of working and bring in new practices and procedures."

BT is keen to introduce new working arrangements such as flexible working, desk-sharing, working from home and video conferencing, which it believes will save above 1m sq ft of office space over the next decade. "For many people, being tied to one office, five days a week, could become a thing of the past," said BT.

The company is also keen to bring its staff together in functional groups, according to their specialist skills rather than their business units.

These ideas - known collectively at BT as "Workstyle 2000" - are due to be tested at the company's prototype office at Apsley, Hertfordshire, in southern England, where 1,300 marketing and sales staff will be relocated in the autumn.

The Apsley premises feature open-plan offices around an atrium, large multi-purpose areas for communal activities, a restaurant and conference and video-conferencing room.

If Apsley is a success, BT plans to move 10,000 people out of central London to similar offices around the M25 orbital road over the next 25 years. Although there is little difference in rents between inner and outer London premises, BT believes that moving out-of-town could drastically cut service charges.

BT's plans to move out of London is a measure of its belief that new technology will change the way that people work. "Historically, we have always had a strong presence in the capital, but today that is no longer necessary," said BT. "Our communications technology has given us the freedom to site many of our offices wherever we choose," it added.

## Provincial continues family tradition

Provincial Group, the family-controlled financial services group founded by Sir James Scott in 1903, has appointed its latest chairman from the Scott family. It disclosed yesterday that 34-year-old Alex Scott has taken the post.

Scott succeeds Tim Shakerley, another family member, at the head of Provincial, which owns Provincial Insurance, one of the largest privately-owned UK insurers, as well as Exeter Bank, which makes loans to small businesses.

He was appointed a director in 1988, and has been deputy chairman since 1991. He has also worked at Thames Water as investor relations manager, and Jardine Fleming Holdings in Hong Kong in charge of corporate communications.

Scott, great grandson of Sir James and son of the president and former chairman Sir Peter Scott, also becomes chairman of Provincial Insurance. Tim Shakerley retires after 17 years in the post.

Scott says his role as chairman is partly a traditional one of overseeing management strategy, and partly as a representative of family shareholders. The Scott family controls over 80 per cent of Provincial equity.

"I don't think we have had problems in being family-owned, although there is always a potential for tension between the company's owners and its managers. As long as we recognise that, I think it is perfectly manageable," he says.

Scott, who studied Philosophy, Politics and Economics at Exeter College, Oxford, says he "would not claim to be an expert on insurance" but has learned management skills from working with senior directors of large companies.

He says it is "difficult to say exactly whether my role is executive or non-executive" but he will spend the first few months trying to learn how best to combine the family's twin responsibilities as shareholders and senior managers.

Scott, who studied Philosophy, Politics and Economics at Exeter College, Oxford, says he "would not claim to be an expert on insurance" but has learned management skills from working with senior directors of large companies.

He says it is "difficult to say exactly whether my role is executive or non-executive" but he will spend the first few months trying to learn how best to combine the family's twin responsibilities as shareholders and senior managers.

Scott, who studied Philosophy, Politics and Economics at Exeter College, Oxford, says he "would not claim to be an expert on insurance" but has learned management skills from working with senior directors of large companies.

Scott, who studied Philosophy, Politics and Economics at Exeter College, Oxford, says he "would not claim to be an expert on insurance" but has learned management skills from working with senior directors of large companies.

## PEOPLE



## Constructive careers

Mark Creedy has been appointed as managing director of Chartwell Land, the property subsidiary of Kingfisher, the retailing group.

Creedy, who is currently a director of Chartwell Land responsible for investments, will replace Alan Jones who left last month to set up his own property business.

The job involves taking responsibility for Chartwell Land's investment and development activities. In addition, Creedy will hold joint responsibility for the management of property initiatives and services across the Kingfisher Group.

Before joining the group in August 1991, Creedy held directorships with Stockley and B&C Properties, a subsidiary of British & Commonwealth Holdings.

John Rogers has been appointed divisional director of Denco, part of AMEC, on the retirement of Reg Green.

David Laidlaw has been appointed contracts director of MORGAN LOVELL LONDON; he moves from John Lelliott Group.

John Richards has been promoted to finance director of the MILLER GROUP.

David Tilton, formerly group treasurer of MEYER INTERNATIONAL, has been appointed business development and marketing director of its subsidiary Jewson.

Peter Gregory has been appointed chairman of LAING Management Scotland and LAING MANAGEMENT for the whole of the UK; he is succeeded as md of Laing Management Scotland by Bernard Ainsworth.

Richard Swinson (below left), md of BMC's Roadstone and Building Products Division, has been appointed to the main board.

Keith Perry (below right), formerly finance director of BOVIS Abroad, has been appointed md on the retirement of David Johnson, who will remain a non-executive director.

Keith Perry (below right), formerly finance director of BOVIS Abroad, has been appointed md on the retirement of David Johnson, who will remain a non-executive director.

Keith Perry (below right), formerly finance director of BOVIS Abroad, has been appointed md on the retirement of David Johnson, who will remain a non-executive director.

Keith Perry (below right), formerly finance director of BOVIS Abroad, has been appointed md on the retirement of David Johnson, who will remain a non-executive director.

Keith Perry (below right), formerly finance director of BOVIS Abroad, has been appointed md on the retirement of David Johnson, who will remain a non-executive director.

## Finance moves

Stephen Edell has been appointed the first ombudsman of the Personal Investment Authority. He will consider complaints against member firms of the new investment regulator, Edell, 61, who qualified as a solicitor, set up the office of the Building Societies Ombudsman in 1987.

Michael Hope-Lewis, the former chairman and founder director of Smith New Court Far East in London, has joined the group management board of Baring Securities. He will advise on the development and marketing of global research with particular emphasis on South East Asia.

Tony Mallin, vice-chairman of Hambros Bank and vice-chairman of Leaseurope, has been appointed to LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.

Neil Williams has been appointed director of bond market research at UBS.

Michael Eddy has been appointed a director of MATHESON Securities.

John Maher, formerly global marketing director at Hill Samuel, has been appointed director of marketing at LOMBARD ODIER.

Jamie Sheldon and Evelyn Wright have been appointed directors of GERRARD & NATIONAL HOLDINGS.



# A killing through contracts

Michael Kenward on independent R&D sources

As companies emerge from recession, their thirst for R&D could increase. One way to satisfy this without piling on the overheads is to contract out R&D, or acquire technology from other sources.

"I see R&D as one of the corporate activities that the larger corporations will seek to outsource," says Peter Watson, where he was board member for engineering, to become chief executive of AEA Technology.

The company, based at Harwell in Oxfordshire and a product of Britain's nuclear power programme, is the country's largest technical services organisation. With a turnover of around £150m, AEA Technology is destined for privatisation. It is, says Watson, one of a number of independent R&D organisations that are "coming much more aggressively to the private sector" to sell their services.

Much of the activity of AEA Technology falls into the area of technical services rather than straight R&D. For instance, it optimises plant performance and helps companies to meet new safety and environmental regulations. Activities with a high technical content which might not be central to a company's own business.

Faced with a diversity of technical topics, "you cannot rely purely on your own resources," says Watson. "You cannot cover all of the emerging technologies. You have to find a way to fill the gap." He naturally sees contract R&D

and technical support as an area destined for rapid growth. Paul Anton also sees a bright future for contract research. Anton is the current chairman of the Association of Independent Research & Technology Organisations (AIRTO) and managing director of Cambridge Consultants (CCL), which had a turnover of £14m last year. AIRTO's members employ 7,000 people and have an annual turnover in excess of £320m. This may seem like small beer alongside the overall spending on R&D by corporate Britain, but the larger AIRTO members would appear well up the R&D scoreboard.

**'You cannot rely purely on your own resources. You cannot cover all of the emerging technologies. You have to find a way to fill the gap'**

Pera International, for example, has a turnover in excess of £31m.

Pera's work shows the spread of activities that companies buy in. As well as contract R&D, Pera also operates a membership scheme that gives companies access to consultancy services and information through a large number of databases at no cost on top of the annual fee. Ron Armstrong, chief executive of Pera, points to a sudden increase in membership numbers as another indicator of growing interest in contracting out.

The customers of the contract research organisations want more than just R&D,

however. Both Pera and CCL have seen an increasing demand for help in technology management.

"Companies join Pera because they offer a range of business and technology services," says Armstrong. These include management and marketing as well as advice on such issues as patent protection and technical aspects of European legislation.

Anton says that other services are also in increasing demand from contract research organisations, including project management and advising companies on how to exploit their technology portfolios.

Contract research is by no means new to corporate researchers. Companies have increasingly taken a customer-contractor approach in their internal R&D. Research centres work on a contract and project basis for operating divisions.

Contract research will not hit the headlines in the same way as in-house R&D. "What companies buy from people like us is competitive advantage and they don't want their rivals to know they are buying it," says Keith Jones, who was recently recruited from Cambridge Consultants to become

commercial manager at CRL. Jones says companies may want to keep the technology hidden from their competitors or might be reluctant to admit that they buy in technology.

Another new phenomenon in contract research is that of the corporate laboratory operating as a stand-alone R&D unit for third-party customers as well as its own parent. The Central Research Laboratory (CRL) of Thorn EMI, which had a turnover of £3.6m last year, now derives as much income from external clients - 37 per cent of the total - as it does from Thorn EMI. As well as contract R&D, product development and its own production activities, CRL also earns 27 per cent of its income through technology

licensing.

Companies are happier to talk about their links with the academic research community. The web of relationships between industry and academia is wide but accounts for a small fraction of the corpo-

rate R&D budgets, or of the universities' income.

Industry spent £122m in UK universities in 1992-93, a little over 10 per cent of their income from grants and contracts and about half as much as the universities received from research charities such as the Wellcome Trust.

The universities' income from industry may be less than that of contract research organisations but it is no less valuable or productive. Companies turn to universities for ideas that will have an impact in the longer term rather than for new products. Research costs less than development and can deliver more new ideas per pound invested.

Universities cannot carry out market-oriented product research, says Peter Saraga, director of Philips's UK research laboratory at Redhill in Surrey. The Dutch electronics company is expanding its contract research with universities, Saraga explains, but he fears that universities are getting pulled into shorter term research.

Philips likes working with universities because they give the laboratory's 250 or so staff access to the frontiers of research. The laboratory is a leading player in Philips's work on multimedia technologies.

The university links include projects with the Royal College of Art and Imperial College, bringing together artists and engineers to develop software for the production of multimedia titles on CD-Rom, optical disks that can store images and sound.

## TOP 20 INTERNATIONAL COMPANIES BY R&D EXPENDITURE

Company	Current R&D spend £'000	Sales £'000	R&D as % of sales	Dividends £'000	R&D as % of dividends	Previous R&D spend £'000	1992	1991	1990
All companies composite									
General Motors, USA	104,486,377	2,152,833	4.85	36,827,835	289	102,485,319	94,861,011	85,822,858	
Boeing, USA	4,075,633	92,421	4.36	401,449	828.3	3,999,253	3,979,913	3,810,341	
Johnson & Johnson, USA	3,519,772	38,041	9.25	146,191	242.4	3,454,474	3,269,889	3,183,930	
Novartis, Switzerland	3,333,714	73,349	4.55	539,371	620.2	2,929,171	2,511,010	2,401,886	
Roche, Switzerland	3,033,319	43,638	6.93	218,253	1,300.7	3,146,348	2,971,828	2,976,671	
Novartis, Switzerland	2,968,831	31,779	9.33	270,885	1,075.1	3,269,691	3,071,773	2,716,789	
Novartis, Switzerland	2,894,500	42,186	6.86	611,853	462.5	2,830,677	2,671,476	2,535,352	
Novartis, Switzerland	2,453,484	42,725	5.7	158,593	1,534.4	2,531,922	2,325,048	2,265,591	
Novartis, Switzerland	2,343,083	20,980	11.18	109,796	2,134	2,373,334	1,967,474	1,853,153	
Novartis, Switzerland	2,074,331	45,326	4.57	1,203,109	172.4	1,967,554	2,104,765	1,544,474	
Novartis, Switzerland	1,899,020	28,822	6.57	194,618	970.6	1,926,059	1,816,645	1,610,085	
Novartis, Switzerland	1,788,304	38,383	4.54	472,283	378.8	1,737,445	1,650,678	1,443,415	
Novartis, Switzerland	1,730,056	18,507	9.35	224,824	768.8	1,164,363	830,520	810,281	
Novartis, Switzerland	1,665,558	21,281	7.83	152,529	1,095.5	1,661,855	1,689,800	1,689,800	
Novartis, Switzerland	1,534,978	18,138	8.46	157,485	974.7	1,612,706	1,582,927	1,306,170	
Novartis, Switzerland	1,405,947	23,452	5.99	112,894	1,244.4	1,457,067	1,346,287	1,000,646	
Novartis, Switzerland	1,288,787	15,890	7.7	287,248	427.8	1,305,044	1,187,878	1,065,701	
Novartis, Switzerland	1,208,885	28,024	4.32	82,521	1,422.2	1,185,667	1,175,139	1,091,327	
Novartis, Switzerland	1,180,265	13,723	8.62	154,106	772.4	1,084,964	988,847	823,300	
Novartis, Switzerland	1,162,828	17,222	6.74	201,250	582.8	1,181,812	1,115,890	1,049,525	
Novartis, Switzerland	1,182,140	20,470	5.78	0	0	1,273,663	1,346,742	1,523,524	

## Anomalies in the reporting system

Andrew Jack describes why UK financial disclosure methods need updating

Shipping Frascati does not normally bring accounting to mind, but it has proved a handy legacy for those struggling with current UK financial reporting standards on research and development.

Existing requirements are based on the work of a paper prepared by the Financial Committee of the Organisation of Economic Co-operation and Development in the 1960s for its own data collection.

SSAP 13, the accounting standard that deals with R&D, was introduced in 1977 and last revised in 1989. It still uses these same OECD guidelines for the recognition of R&D.

But David Tonkin, head of Company Reporting, the Edinburgh-based monitor of accounts that compiled the R&D Scoreboard for the Department of Trade and Industry, says: "There's a problem of definition."

He says the OECD concentrates on an outdated science-based definition, split between pure and applied research and development. It misses out areas of spending such as intellectual property, including computer software development.

He also highlights a number of other limitations to reporting requirements on the topic in the UK. For example, foreign-owned companies with British operations do not have to disclose their spending in the local accounts if it is funded from abroad.

To add to the confusion, there are differences between the accounting standard in the UK and elsewhere, such as in the US where such expenditure must be taken against the profit and loss account and not

capitalised, says Ken Wild, accounting technical partner at Touche Ross.

An issue for UK standards setters is whether companies should similarly be allowed to allocate R&D between the profit and loss account and the balance sheet.

Defferal is currently allowed for expenditure on projects if the technical feasibility and commercial viability can be assessed with reasonable certainty.

"It is very subjective," says Tonkin, who opposes making the guidelines more restrictive. "In my view this is precisely what we want out of disclosure."

However, in 22 per cent of cases there is no disclosure of the income effect provided anywhere in the financial statements. Examples include Asda, BAA, Bass, Cable & Wireless and Guinness.

In response, some companies argue that the amount concerned is not material. Others that it would make them vulnerable to competitive disadvantage if they disclosed the amount to their rivals.

Tonkin disagrees. "Companies should be deterred from making disclosures about items that are not material," he says. "It is misleading otherwise the chairman is going on about something that doesn't exist."

Meanwhile, the OECD is in discussions over a revised version of its own R&D definitions. Readers of accounts can only hope that its members do not get too carried away drinking Frascati before they finish their drafting.

Few do so, however. There is considerable evidence that

many companies are failing to even disclose the minimal amounts required by SSAP 13, with all its current faults; something to which regulators need to pay greater heed.

An analysis of R&D undertaken for the Financial Times by Company Reporting for 521 companies with year-ends up to the end of May 1994 shows that 213 provide some indication of research and development activity. This is normally in the form of commentary in the chairman's statement, or an accounting policy note.

In three-quarters of these companies, the value is disclosed and charged to income. In a smaller number of cases, companies disclose spending in the directors' report rather than - as the law requires - in the accounts.

However, in 22 per cent of cases there is no disclosure of the income effect provided anywhere in the financial statements. Examples include Asda, BAA, Bass, Cable & Wireless and Guinness.

In response, some companies argue that the amount concerned is not material. Others that it would make them vulnerable to competitive disadvantage if they disclosed the amount to their rivals.

Tonkin disagrees. "Companies should be deterred from making disclosures about items that are not material," he says. "It is misleading otherwise the chairman is going on about something that doesn't exist."

Meanwhile, the OECD is in discussions over a revised version of its own R&D definitions. Readers of accounts can only hope that its members do not get too carried away drinking Frascati before they finish their drafting.

Few do so, however. There is considerable evidence that

## Focusing on the breakthrough

Competition in the drugs sector is increasing, says Daniel Green

Drugs companies may be suffering from lower profit margins as a result of healthcare reforms in many countries, but they remain among the most enthusiastic investors in the creation of new products.

The international scoreboard shows pharmaceutical R&D spending 11 per cent higher in 1993 than in 1992, with some companies boosting spending by more than 25 per cent.

But behind the bare figures lies a structural change in the way that drugs companies manage their R&D budgets.

The impetus for the change is that sales growth has stalled in many areas. Those who ultimately pay for drugs - insurance companies and their policy holders in the US and governments elsewhere - have decided to drive hard bargains with pharmaceutical companies in an effort to control the cost of healthcare.

Many drug makers have responded to falling profit margins by cutting staff and reducing the number of manufacturing sites. But price competition has, if anything, increased the need for effective R&D.

R&D directors have adjusted their strategies to try to maximise the chances of discovering a breakthrough product. The first moves were to drop the development of drugs that provided little advance over existing treatments. They then gave more emphasis to research into areas such as cancer, Alzheimer's and arthritis.

With that, however, has come the realisation that no company has the resources to research every promising field. "The industry recognises that technological self-sufficiency is no longer attainable," says George Poste, head of R&D at SmithKline Beecham. "It must be strengthened by alliances."

As a further incentive to external R&D spending, the

companies with which alliances are usually cemented - biotechnology companies - are entrepreneurial and hard working and can offer huge rewards for success through share options. This means that much of the best work is being conducted there, says Jan Leschly, chief executive at SmithKline Beecham. "Biotechnology companies can attract the geniuses," he says.

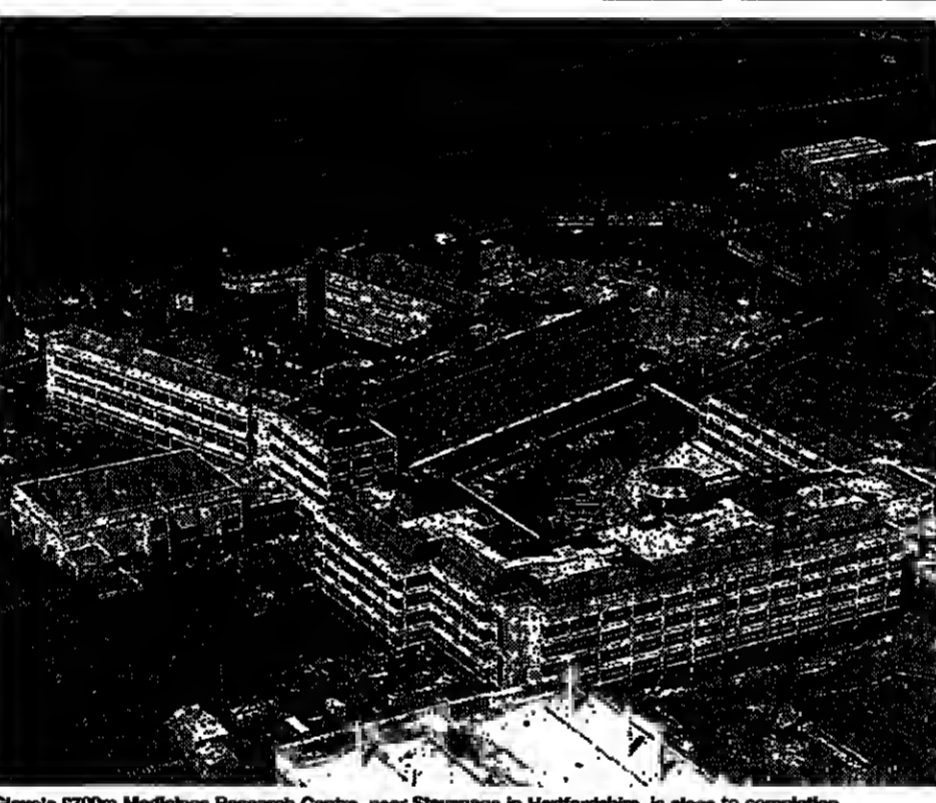
Across the pharmaceutical industry, between 15 per cent and 25 per cent of R&D spending is already external, says Switzerland's Roche. "This has been rising recently and will continue to rise," it says.

The importance of the change is probably understated in the official R&D figures. Many pharmaceutical companies have taken equity stakes in biotechnology companies as a means of gaining access to expertise. Such stakes are classed as investments rather than R&D spending.

If drugs industry executives needed further convincing of the wisdom of spreading the R&D risk, they need only look at how some manufacturers conspicuously fail to benefit from even the highest levels of in-house spending.

Syntex of the US ranked number one in 1993 among large pharmaceutical companies for R&D spending as a proportion of total sales. Yet it failed to invent a replacement for its big-selling anti-inflammatory drug Naproxen which lost patent protection in the US last year. In April Syntex was taken over by Roche.

The genuine breakthrough that Syntex needed is by its nature more elusive than a drug adapted from an existing product. Perhaps it is more likely to be found by highly motivated geniuses working for small companies. Drugs companies are prepared to pay a lot of money to find out.



Glaxo's £270m Medicines Research Centre, near Stevenage in Hertfordshire, is close to completion

## Collaborate to innovate and survive

Alan Cane examines why electronics companies are joining forces to share costs

Electronics companies that were once bitter enemies are forming unprecedented alliances aimed at cutting research and development costs and improving effectiveness. Collaboration has become the name of the game at an international level, as companies find themselves squeezed between spiralling research costs and revenues forced down by recession and price competition.

For example, Unisys, one of the largest US computer manufacturers, has abandoned its own semiconductor operations, saving itself \$100m (£67m) a year. The advanced chips for its new large machines will be made by International Business Machines, the world's largest computer company and still a fierce competitor. Unisys, marginally profitable after several troubled years, spent

\$340m on R&D last year, well down on the \$500m spent in 1990 but still equivalent to 6.65 per cent of sales.

Many large companies in the electrical and electronics sector have found it necessary to cut R&D spending in line with reduced revenues. Siemens of Germany took premier place in the sector last year with spending of almost £30m, a decline of 8 per cent on the year before. IBM, formerly the world's R&D powerhouse, was a whisker behind, but cut its spending by 13 per cent.

Bill O'Riordan of Imperial College, London, who is also head of research and advanced technology for ICL, the UK-based computer company owned by Fujitsu of Japan, says there are two reasons why collaboration has taken on a new importance.

First, no single company can

afford the costs of building and managing systems of today's complexity without help. ICL benefited greatly throughout the 1980s from an alliance with Fujitsu which gave it privileged access to the Japanese company's semiconductor technology.

It was an appreciation, however, of the funding level necessary to stay at the forefront of innovation that led the company to takeover by Fujitsu. Today, ICL, at £208m a year, spends substantially more than any other non-listed UK company; ICL's R&D represents 7.96 per cent of its £2.6bn sales.

Second, unless companies collaborate, their ability to respond quickly to change deteriorates. The value of the experience built up by their scientists and engineers withers in a rapidly changing environment unless they are

exposed to fresh stimuli. O'Riordan says: "When you collaborate, you innovate; when you don't, you invent."

For many companies, collaboration has become an essential feature of corporate restructuring. Amdahl, a US company which pioneered plug-compatible mainframe computers, functionally identical to IBM's, seemed in trouble a year ago. Sales were stagnant as customers turned away from mainframes towards apparently more cost-effective networked computer systems.

R&D spending was, at £226m, 19.9 per cent of sales, the second highest in the global ranking. Amdahl's business plan called for the company to move down from sales of \$2.5bn to \$1.5bn. R&D spending had to be brought in line. The solution was a technology collabora-

tion with Fujitsu, owner of a minority stake in the company. Amdahl abandoned its (emitter-coupled logic) circuitry, which is fast but pricey, in favour of Fujitsu's cheaper CMOS (complementary metal oxide silicon) alternative.

Fujitsu now designs and builds the computer; Amdahl builds the machines to compete directly with IBM.

The leading semiconductor companies, Intel and Motorola of the US, have pushed up R&D spending by 24 per cent and 16 per cent respectively as they battle to maintain their chip designs as industry standards. Even they are finding collaboration with other companies essential.

Motorola, Apple and IBM are working together on a design called "Power PC". Last week, Intel and Hewlett-Packard

announced they were working together on a new generation of microprocessor chips which could dictate the direction of computer technology into the next century.

Software companies are, for the moment, an exception to the trend. SAP of Germany spends 25 per cent of its £428m revenues in developing R&D, a highly successful accounting package. Quality Software Products of the UK has spent \$18m over the past few years in developing a competitive product. Bigger software companies often buy smaller ones to add an attractive software product to their catalogue without incurring R&D costs.

The pressure to spend on R&D has in no way diminished. In the future most companies will be able to survive and advance only by sharing costs.

## RANKING OF TOP 100 UK COMPANIES BY R&D EXPENDITURE

Company	Previous R&D spend						Current R&D spend						Previous R&D spend						Current R&D spend					
	1992	1991	1990	% of sales	% of dividends	% of sales	1992	1991	1990	% of sales	% of dividends	% of sales	1992	1991	1990	% of sales	% of dividends	% of sales	1992	1991	1990	% of sales	% of dividends	% of sales
All companies composite																								
	7,097,412	405,720	1.56	14,315,141	40.8		6,021,107	6,204,212	5,894,688				27,801	27,801	27,801				27,801	27,801	27,801			
Glaxo	736,000	4,930	14.99	687,000	11.8	15.5	505,000	478,000	368,000				690	690	690				690	690	690			
SmithKline Beecham	575,000	6,164	9.33	326,000	17.6	14.5	478,000	432,000	363,000				3,910	3,910	3,910				3,910	3,910	3,910			
Shell Transport & Trading	528,000	88,748	0.59	2,275,000	23.2	22.2	498,000	472,000	473,000				4,303	4,303	4,303				4,303	4,303	4,303			
Unilever	518,000	27,893	1.86	537,000	96.5	18.4	461,000	426,000	381,000				4,452	4,452	4,452				4,452	4,452	4,452			
General Electric	480,000	4,444	11.04	260,000	18.5	49.7	468,000	426,000	381,000				1,154	1,154	1,154				1,154	1,154	1,154			
Wellcome	398,000	5,612	7.09	278,000	14.2	16.3	417,000	435,000	391,000				1,561	1,561	1,561				1,561	1,561	1,561			
Roche	325,000	2,041	15.95	148,000	21.7	22.0	254,000	226,000	220,000				0.46	0.46	0.46				0.46	0.46	0.46			
British Petroleum	253,000	3,518	7.19	58,000	43.5	18.0	259,000	210,000	227,000				851	851	851				851	851	851			
British Telecom	237,000	34,950	0.68	457,000	51.9	58.8	263,000	308,000	222,000				1,348	1,348	1,348				1,348	1,348	1,348			
British Telecom	233,000	13,242	1.78	967,000	24.1	18.3	240,000	243,000	228,000				0.48	0.48	0.48				0.48	0.48	0.48			
ICI	177,000	5,430	3.21	159,000	38.9	18.0	169,000	588,000	591,000				35.2	35.2	35.2				35.2	35.2	35.2			
British Aerospace	167,000	10,780	1.56	31,000	541.9	12.0	151,000	283,000	236,000				22.0	22.0	22.0				22.0	22.0	22.0			
Heathrow	118,000	1,874	6.35	105,000	104.8	39.9	78,000	67,000	61,000				36.7	36.7	36.7				36.7	36.7	36.7			
BT	101,000	7,772	1.31	121,000	83.5	20.8	92,000	88,000	80,000				19.0	19.0	19.0				19.0	19.0	19.0			
Esso	94,500	1,324	7.14	26,700	318.2	12.4	85,000	77,400	68,000				8.4	8.4	8.4				8.4	8.4	8.4			
Unilever	90,000	2,434	3.73	46,000	193.1	18.1	86,000	104,100	98,000				25.1	25.1	25.1				25.1	25.1	25.1			
BOC	85,000	3,088	2.76	110,000	77.5	13.8	81,000	82,000	82,000				11.3	11.3	11.3				11.3	11.3	11.3			
British Gas	80,000	10,368	0.77	628,000	12.7	16.8	89,000	89,000	60,000				26.8	26.8	26.8				26.8	26.8	26.8			
British Gas	72,987	1,273	5.73	127,848	42.2	70.7	74,514	95,832	80,347				65.2	65.2	65.2				65.2	65.2	65.2			
British Gas	70,000	1,815	4.52	38,000	180.4	18.9	64,000	77,800	46,000				12.5	12.5	12.5				12.5	12.5	12.5			
Roche	65,800	3,892	1.88	149,000	48.1	16.0	59,800	53,000	49,000				24.8	24.8	24.8				24.8	24.8	24.8			
Glaxo	60,000	2,022	3.34	130,000	32.2	35.2	50,000	48,000	40,000				1.08	1.08	1.08				1.08	1.08	1.08			
SmithKline Beecham	48,900	2,573	1.94	31,300	159.4	44.4	52,300	58,300	54,800				16.8	16.8	16.8				16.8	16.8	16.8			
Unilever	48,800	728	6.88	36,000	127.7	15.3	45,800	43,800	43,800				20.2	20.2	20.2				20.2	20.2	20.2			
General Electric	48,500	1,385	2.80	22,000	24.0	22.0	46,000	42,000	38,000				1.6	1.6	1.6				1.6	1.6	1.6			
Wellcome	42,000	1,882	2.63	201,000	16.5	29.0	34,000	26,000	25,000				3.7	3.7	3.7				3.7	3.7	3.7			
Roche	41,000	6,120	0.51	349,000	16.5	14.0	36,000	34,000	35,000				3.7	3.7	3.7				3.7	3.7	3.7			
British Telecom	40,000	17,078	0.42	173,000	48.5	45.0	40,000	40,000	35,000				1.1	1.1	1.1				1.1	1.1	1.1			
British Telecom	40,000	2,769	1.45	52,700	79.5	35.8	38,000	35,700	37,000				1.1	1.1	1.1				1.1	1.1	1.1			
British Telecom	38,000	2,074	1.88	20,000	88.7	15.3	37,700	36,100	40,000				1.1	1.1	1.1				1.1	1.1	1.1			
ICI	35,800	1,417	2.53	30,300	111.6	16.7	32,400	29,300	29,100				1.1	1.1	1.1				1.1	1.1	1.1			
British Aerospace	28,100	949	3.07	32,700	55.2	16.6	34,000	20,700	17,000				1.1	1.1	1.1				1.1	1.1	1.1			
Heathrow	25,100	1,417	2.53	30,300	111.6	16.7	32,400	29,300	29,100				1.1	1.1	1.1				1.1	1.1	1.1			
BT	25,100	949	3.07	32,700	55.2	16.6	34,000	20,700	17,000				1.1	1.1	1.1				1.1	1.1	1.1			
Esso	25,100	1,417	2.53	30,300	111.6	16.7	32,400	29,300	29,100				1.1	1.1	1.1				1.1	1.1	1.1			
Unilever	25,100	949	3.07	32,700	55.2	16.6	34,000	20,700	17,000				1.1	1.1	1.1				1.1	1.1	1.1			
BOC	25,100	1,417	2.53	30,300	111.6	16.7	32,400	29,300	29,100				1.1	1.1	1.1				1.1	1.1	1.1			
British Gas	25,100	949	3.07	32,700	55.2	16.6	34,000	20,700	17,000				1.1	1.1	1.1				1.1	1.1	1.1			
British Gas	25,100	1,417	2.53	30,300	111.6	16.7	32,400	29,300	29,100				1.1	1.1	1.1				1.1	1.1	1.1			
British Gas	25,100	949	3.07	32,700	55.2	16.6	34,000	20,700	17,000				1.1	1.1	1.1				1.1	1.1	1.1			
Roche	25,100	1,417	2.53	30,300	111.6	16.7	32,400	29,300	29,100				1.1	1.1	1.1				1.1	1.1	1.1			
Glaxo	25,100	949	3.07	32,700	55.2	16.6	34,000	20,700	17,000				1.1	1.1	1.1				1.1	1.1	1.1			
SmithKline Beecham	25,100	1,417	2.53	30,300	111.6	16.7	32,400	29,300	29,100				1.1	1.1	1.1				1.1	1.1	1.1			
Shell Transport & Trading	25,100	949	3.07	32,700	55.2	16.6	34,000	20,700	17,000				1.1	1.1	1.1				1.1	1.1	1.1			
Unilever	25,100	1,417	2.53	30,300	111.6	16.7	32,400	29,300	29,100				1.1	1.1	1.1				1.1	1.1	1.1			
General Electric	25,100	949	3.07	32,700	55.2	16.6	34,000	20,700	17,000				1.1	1.1	1.1				1.1	1.1	1.1			
Wellcome	25,100	1,417	2.53	30,300	111.6	16.7	32,400	29,300	29,100				1.1	1.1	1.1				1.1	1.1	1.1			
Roche	25,100	949	3.07	32,700	55.2	16.6	34,000	20,700	17,000				1.1	1.1	1.1				1.1	1.1	1.1			
British Petroleum	25,100	1,417	2.53	30,300	111.6	16.7	32,400	29,300	29,100				1.1	1.1	1.1				1.1	1.1	1.1			
British Telecom	25,100	949	3.07	32,700	55.2	16.6	34,000	20,700	17,000				1.1	1.1	1.1				1.1	1.1	1.1			
British Telecom	25,100	1,417	2.53	30,300	111.6	16.7	32,400	29,300	29,100				1.1	1.1	1.1				1.1	1.1	1.1			
ICI	25,100	949	3.07	32,700	55.2	16.6	34,000	20,700	17,000				1.1	1.1	1.1				1.1	1.1	1.1			
British Aerospace	25,100	1,417	2.53	30,300	111.6	16.7	32,400	29,300	29,100				1.1	1.1	1.1				1.1	1.1	1.1			
Heathrow	25,100	949	3.07	32,700	55.2	16.6	34,000	20,700	17,000				1.1	1.1	1.1				1.1	1.1	1.1			
BT	25,100	1,417	2.53	30,300	111.6	16.7	32,400	29,300	29,100				1.1	1.1	1.1				1.1	1.1	1.1			
Esso	25,100	949	3.07	32,700	55.2	16.6	34,000	20,700	17,000				1.1	1.1	1.1				1.1	1.1	1.1			
Unilever	25,100	1,417	2.53	30,300	111.6	16.7	32,400	29,300	29,100				1.1	1.1	1.1				1.1	1.1	1.1			
BOC	25,100	949	3.07	32,700	55.2	16.6	34,000	20,700	17,000				1.1	1.1	1.1				1.1	1.1	1.1			
British Gas	25,100	1,417	2.53	30,300	111.6	16.7	32,400	29,300	29,100				1.1	1.1	1.1				1.1	1.1	1.1			
British Gas	25,100	949	3.07	32,700	55.2	16.6	34,000	20,700	17,000				1.1	1.1	1.1				1.1	1.1	1.1			
British Gas	25,100	1,417	2.53	30,300	111.6	16.7	32,400	29,300	29,100				1.1	1.1	1.1				1.1	1.1	1.1			
British Gas	25,100	949	3.07	32,700	55.2	16.6	34,000	20,700	17,000				1.1	1.1	1.1				1.1	1.1	1.1			
Roche	25,100	1,417																						

# Scott Inquiry takes centre stage

Malcolm Rutherford reviews 'Half the Picture' at the Tricycle Theatre

The best tribute to Richard Norton-Taylor's dramatised version of the Scott Inquiry into British arms sales to Iraq is the discussion it provokes at the end. This takes place in the theatre with a formal chairman, a panel of lawyers, journalists, politicians and, as with *Question Time* on television, the audience is encouraged to join in.

On the first night Paul Henderson, managing director of Matrix Churchill, the company that supplied the weapons material, was a

member of the panel. He said that the stage version, including its portrayal of him as a man who spied for his country then was shopped by his own government, was broadly accurate.

For the rest, there was a split among the audience between those who believed that practically any kind of arms sales is immoral and those who recognised that the central point is that the government was prepared to let people who had helped it go to prison and sought to conceal the evidence that would have protected them. In

between, on which there was little disagreement, there was a great deal about excessive government secrecy.

That is the trouble with the Scott Inquiry. What precisely is it about? We shall not know the full answer until we have the Scott report towards the end of the year, by which time many of the ministers involved may be out of office. Some of them, like Alan Clark, already are.

So it is not surprising that it is also the problem with Norton-Taylor's piece. *Half the Picture* takes its name from a statement by Sir Robin Butler,

the cabinet secretary and head of the civil service, on answering questions in Parliament: "You should not try to mislead... You give some information that you safely can... Half the picture can be true".

Norton-Taylor is a journalist on the *Guardian* who has long campaigned for greater freedom of information. There are no particular distortions, except perhaps in tone of voice, in *Half the Picture*. Almost every word is taken from

written or spoken evidence to the Scott Inquiry.

How far you appreciate it may depend on how well you know the subject, and we would all know the subject even better if the inquiry had been televised in the first place. The word is that Sir Richard Scott turned down the request because he regarded television as a medium mainly for entertainment.

Scott was wrong: his hearings would have made riveting television by any standards, both entertaining and informative. If you can televise Parliament, including Select Committees, surely there is a compelling case for televising a public inquiry into the working of government.

Norton-Taylor does well with the material on stage. All the characters are there. Sylvia Syme is a severe Lady Thatcher and avoids falling too far into parody. Jan Chappell is a precocious posh Presley Baxendale QC, the woman who asks most of the questions. Michael Stroud plays Scott.

Arguably the piece is too kind to Alan Clark who has become a cult figure even with a predominantly left wing audience in Kilburn. Played by Jeremy Clyde he is almost cheered for his outrageous nonchalance. Norton-Taylor, too, plainly has a soft spot for Michael Heseltine (David Robb) who is the nearest to a hero on the government side.

Directed by Nicolas Kent, *Half the Picture* remains a documentary rather than a play, but it is an outstanding example of the theatre as a place for public discussion.

Tricycle Theatre, London NW6, (071) 323 1000



Michael Stroud and Jan Chappell in Norton-Taylor's drama on the inquiry into British arms sale to Iraq



Damian Lewis: a striking young Hamlet with a tide of Tudor red hair

Theatre/Alastair Macaulay

## Hamlet in the Park

This most excellent copy of the air, look you... It makes a difference to when you can see the firmament Hamlet is talking about, and here is one of the gains of watching *Hamlet* in the Open Air Theatre in Regent's Park. With the sky above he counts himself king of infinite space; amid the theatre he might be bounded in a nutshell.

The three other strengths of Tim Pigott-Smith's staging are its clarity of utterance, its concision, and its protagonist. Every word registers, even from actors who a fortnight ago were often inaudible in *A Midsummer Night's Dream*. The play has been cut (not only is Hamlet's address to the players gone, so is the play the players usually speak) so that the audience's attention never flags. As for young Damian Lewis (just a year out of drama school) as Hamlet, everything he does has the audience firmly held.

Strikingly equipped with a tide of Tudor red hair, burning blue eyes, heroic bones and good build, this Hamlet works hard to win his authority over the play, but win it he does. He speaks the lines "with good accent and good discretion", and he has both virility and stillness. He is a Hamlet both Romantic (frozen in melan-

choly, vivid in action) and modern (playing at crude apes in his "madness", sardonically rude). He manages both to relate freshly to everyone else onstage and to suggest that Hamlet's mind is always at one remove from everyone around him.

Remarkably, he achieves this by working within very narrow confines. His vocal register is seldom more than a minor third, he makes no particular

modern miss. Gertrude (Pamela Milles) a slow and unemotional marshmallow, Claudius (Paul Freeman) a flamboyant thespian of flashing eyes and rolling Rs, Polonius (David Collings) a tepid old trouper. Everything the last three actors do tells us, with emphatically actorish deliberation, that they are actors of the Old School - a school so old one thought it was dead. Their experience makes its effect, but I cannot believe in their characterisations for a moment.

The production is set, more or less, in Georgian times: Empire-line dresses, frock coats, trousers and waistcoats. The way poor Gertrude kept hitching her skirts around told us only too clearly that the 19th century just wasn't her time; she only relaxed when put into a nightgown for the closet scene. And why has the designer, Tanya McCallin, allowed Gertrude and Ophelia to wear handkerchiefs that are so blatantly modern that they clash with their frocks? The effect is cheap - as if the Open Air Theatre could not afford wigs. But these irritations are peripheral. *Hamlet* is alive in Regent's Park, and Hamlet is more than promising.

In repertory at the Open Air Theatre, Regent's Park, NW1

Apart from the open air, the strengths of this staging are clarity, concision and its protagonist

play between piano and forte, he employs no great contrasts of speed during his soliloquies. Yet one attends to him. He has not yet bent the role to his will, has not relaxed within its rigours so that we trust his command of it, is still shifting in his way of addressing the audience - and yet one attends to him.

One attends to his chief colleagues, but with considerable less gratitude. Ophelia (Rebecca Egan) is a pushy

Dance/Clement Crisp

## Mountains made of sheer self-indulgence

Mountains made of sheer self-indulgence. An evening made of torment, say I. A theatre-piece made of modish nonsense. An event made of mindless aggression, irrational posturing, cheap effects.

Five years ago we saw Vandekeybus' London debut with *What the body does not remember*, which told of the new dance-theatre emerging in Belgium. It might look at moments like Euro-crash - bodies slamming to the floor; danger the essential in every step - but its emotional force and wild logic, its skilled disdain for hazard, were hugely effective. I called it "essential viewing" in these pages.

Since then Vandekeybus has become popular, much seen on the international

post-modern circuit - one of the less engaging circles of hell - and he has returned to London with creations in which dance has seemed increasingly unenterprising, increasingly a slave of an oblique, angry theatre. It is, I suppose, pay for the course in our dislocated age, and one must accept the work of Vandekeybus and his fellow choreographers as symptomatic of a time when new dance-theatre makes much of anxiety and frustration, and little of movement invention.

But I find Vandekeybus' latest piece - seen at the Queen Elizabeth Hall on Tuesday and Wednesday - self-indulgent and unworthy. The illogicalities of nightmare, a trip to film in North Africa, the presence of a blind Moroccan actor in his troupe, seem part of the paraphernalia of this 90 minute trial. Other ingredients include Vandekeybus' favoured slam-dancing procedures (which look very old-fashioned nowadays); din (the thump of drums reverberating in one's chest-bone); kamikaze

relationships between men and women; a German chap haranguing us; Vandekeybus' home-movies of "My trip to Morocco" to bore us; something nasty happening to a chicken on film; male nudity and public washing (completed by a shower of sand - and grit in the underpants); a tea-party; a girl having her ears cleaned; chatter; furry masks; a palanquin waded of brooms. (What a list!) It is a sequence of demonic energy and diabolical racket, and is as muddled and pointless as

someone else's nightmare - when you bite back the words: "See an analyst."

As an exercise in re-heated surrealism - lacking, alas, the elegance of means that earlier games with the psyche had - it is an unmitigated vexation to the spirit. I do not find that Vandekeybus thinks at any moment as a choreographer in *Mountains made of sheer self-indulgence* that he is a blunt instrument with which to hammer home brute theatrical points. He has an eye for quick and predictable design effects and for the coarsest stage tricks. The result has the unfocused vehemence of a mob, and is about as enjoyable to watch.

On Monday in my piece on *Lost Ballerinas*, I was misinformed about the cost of putting a student through the ENB school, which should have read £14,700.

poser himself, and found emotion in every word of his excellent Italian. Iana Mazarri was a charming Eurydice - though the title role, a small part - and she, too, had the temperament the music requires. Sarah Connolly's tragedy sang the Prologue with poise, and Kym Amps made something of her Nymph and Venus. Ian Caddy's powerful Pluto outsang them all, and his simple gestures helped: the Pluto-Orpheus encounter was one of the few episodes all evening to come to convincing life.

The Lufthansa Festival of Baroque Music continues at St James's, Piccadilly, and the Wigmore Hall until June 30.

Baroque opera/John Allison

## Peri's 'Euridice'

Opera, one of the first musical innovations of the Baroque period, was represented at this year's Lufthansa Festival of Baroque Music - celebrating its tenth anniversary - by Jacopo Peri's *Euridice*, the earliest surviving opera. But *Euridice* is not a work best encountered, as on Wednesday at St James's Church, Piccadilly, in concert form: apart from its novel, declamatory music the interest lies in the way Peri, the so-called "inventor" of opera, was exploring the theatrical possibilities of the new medium.

*Euridice* (1600) does not require a complicated staging. The action, which departs from the tragic myth and returns Eurydice to Orpheus - a happy

and was required since the opera was written as a wedding entertainment - is straightforward; the settings, a forest glade and the underworld, can be left to the spectator's imagination. In the absence of these, the dramatic burden falls on the music, and Wednesday's performance was too cool and reflective.

The "period" group Combattimento has a fine sense of musical style, but David Robb's direction from the keyboards - harpsichord, organ, regal -

was often over-relaxed. Some of the singers treated *Euridice* as an oratorio, singing with little inflection of tone, which is fine for the limited emotions of sacred music but makes for no dramatic spark. Even some who had to impersonate more than one character seemed limited to a single vocal colour. There were a few outstanding exceptions, in each case the singers best able to make something of the Italian text.

Mark Tucker was a poignant tenor Orpheus (a role first taken by the com-



### EXHIBITIONS GUIDE

**AMSTERDAM**  
Van Gogh Museum Van Gogh's Self-Portraits: 20 paintings and two drawings dating from his stay in Paris 1886-7. Ends Oct 9. Daily.  
Rijksmuseum Flowers and Plants: flora and fauna in five centuries of prints and drawings. Ends July 31. Closed Mon.  
**BERLIN**  
Museum für Indische Kunst Lost Empire of the Silk Road: a remarkable collection of 67 well-preserved pieces of Buddhist art from the tenth to 13th centuries. Ends July 3. Closed Mon.  
Haus der Kulturen der Welt Tanzania: masterworks of African sculpture. Ends Aug 7. Closed Mon.  
**BERNE**  
Kunstmuseum Balthus (b1908): drawings by the French painter, now resident in Switzerland. Ends Sep 4. Closed Mon.  
**BONN**  
Kunst- und Ausstellungshalle The Century of the Avant-Garde in Central and Eastern Europe: 700

works by 200 painters and sculptors, offering a thematic guide to the main artistic developments of the past century. Ends Oct 16. Closed Mon.  
**BRUSSELS**  
Palais des Beaux-Arts Robert Smithson: retrospective of the American artist, one of the founders of Land Art. Ends Aug 31. Closed Mon.  
**COLOGNE**  
Museum Ludwig The Unknown Modigliani: 240 of the 440 hitherto unknown drawings amassed by Paul Alexandre before 1914. Ends July 10. Closed Mon.  
**DJON**  
Musée Magnin Sculptors' Designs 1850-1950: a survey of developments in sculptural art from Daumier, Degas and Rodin to Giacometti and Picasso. Ends Sep 11. Closed Mon.  
**DUSSELDORF**  
Heijens-Museum Ceramic Works of Picasso, Miró and Tapies: around 90 works by three major Catalan artists of the 20th century, ranging from Picasso's decorative ovals and figurines to Tapies' massive sculptures. Ends Aug 28. Closed Mon.  
**GENEVA**  
Petit Palais The Family: from Bazille to Picasso, a thematic series of paintings. Ends Oct 31. Daily.  
**LAUSANNE**  
Musée d'Art Contemporain Contemporary Picasso: 80 works 1946-1971, including 30 paintings and a dozen sculptures. Ends Sep 25. Daily.  
**MUSEE Olympique Miró**: 41 sculptures covering his entire career, plus 13 prints from the

1950s and 70s. Ends Sep 4. Daily.  
**LONDON**  
Tate Gallery R.B. Kitaj (b1932): retrospective of the American-born artist who has lived in Britain since the 1950s and is now regarded as one of the outstanding figurative painters of his generation. Ends Sep 4. Daily.  
Victoria and Albert Museum Pugin - A Gothic Passion: the first exhibition to look at the life, work and influence of one of the most important designers of the 19th century. Father of the Victorian Gothic revival, Augustus Welby Northmore Pugin (1812-1852) is probably best known for his collaboration with Charles Barry on the design of the Houses of Parliament at Westminster. Ends Sep 11. A new Glass Gallery has been opened to display over 6,000 objects, illustrating the history and development of glass over the past four millennia. Daily.  
National Gallery From Caspar David Friedrich to Ferdinand Hodler, A Romantic Tradition - Paintings and Drawings from the Oscar Reinhart Foundation: 130 works from one of Europe's finest collections of German, Austrian and Swiss art of the 19th century. Ends Sep 4. Daily.  
Accademia Italiana Michelangelo - An invitation to Casa Buonrotti: 15 drawings, plus letters and books. Ends July 24. Daily.  
British Museum Indian Paintings and Drawings from the Collection of Howard Hodgkin. Ends Aug 21. German Printmaking in the Age of Goethe. Ends Sep 11. Daily.  
Eskensz Yuan and Early Ming Blue and White Porcelain: 26 rare

pieces dating from 1340 to 1435, mostly from private collections. Ends July 8. Closed Sat and Sun (10 Clifford Street W1).  
**LUGANO**  
Villa Favaria Europe and America: 19th and 20th century oil paintings and watercolours. The Thyssen-Bornemisza Foundation's summer exhibition consists of 150 works ranging from the Hudson River School to examples of Cubism, German Expressionism, the Russian avant-garde, Dada, Surrealism and Pop Art. Ends Oct 30. Closed Mon. No parking facilities; take Bus no 1 (tel 091-516152).  
**MADRID**  
Centro de Arte Reina Sofia Gerhard Richter: 100 works by one of the key figures in contemporary German art. Ends Aug 22. Closed Tues.  
Fundacion Juan March Isamu Noguchi (1904-88): 58 outdoor sculptures expressing the oriental and western cultural traditions inherited by Noguchi, an American artist of Japanese origin. Ends June 26. Daily.  
Castellana Fernando Botero: an outdoor parade of 21 of the Colombian sculptor's bulging bronzes. Ends Aug 12.  
**MARTIGNY**  
Fondation Pierre Gianadda From Goya to Matisse: Masterworks of the 20th Century. Ends Nov 1. Daily.  
**MUNICH**  
Haus der Kunst Ean Vitai: an exhibition exploring the link between Kandinsky, Klee, Arp, Miró and Calder. Ends Aug 14. Closed Mon.  
Kunststube der

Hypo-Kulturstiftung El Dorado: 300 gold and ceramic treasures from pre-colonial Colombia. Ends Sep 4. Daily.  
**AKADEMIE der schönen Künste**  
The Russian Stage 1900-30: 190 treasures from Moscow. Ends June 26. Closed Mon.  
Neue Pinakothek Wilhelm Leibl (1844-1900): around 200 paintings and drawings offer a 150th anniversary retrospective of the Cologne artist who was the leader of the Prussian Realism in the late 19th century. Ends July 24. Closed Mon.  
**NEW YORK**  
Metropolitan Museum of Art Petrus Christus: 22 paintings by the 15th century Netherlandish master, renowned for the jewel-like luminosity of his work. Ends July 31. Picasso and the Weeping Women: 80 paintings and works on paper from the 1930s and 1940s. Ends Sep 4. The Decorative Arts of Frank Lloyd Wright. Ends Sep 4. Closed Mon.  
Museum of Modern Art From Manet to Picasso - Masterpieces from the David and Peggy Rockefeller Collection. Ends Sep 6. Closed Wed.  
**PARIS**  
Grand Palais The Origins of Impressionism 1859-69. Ends Aug 8. Closed Tues.  
Musée d'Art Moderne de la Ville de Paris Dutch Art of the 20th Century: the first part traces developments from Van Gogh to Mondrian, while the second focuses on ten contemporary artists. Ends July 17. Closed Mon (11 ave du Président Wilson).  
**ROME**  
Palazzo delle Esposizioni Dada

- The Art of Negation: 300 works. Ends June 30. Richard Long: eight installations by the British artist. Ends June 30. Closed Mon.  
San Michele Garden Theatres: drawings, engravings and scale models showing the lost baroque art of creating theatrical scenery using only carefully manicured plants and trees. Ends June 26. Closed Sun (Via di San Michele).  
Museo del Folklore The Influence of Egypt: how the cult of Egyptology influenced film-makers and strip-cartoon artists. All the decorative hieroglyphics are based on the numerous obelisks scattered around central Rome. Ends June 24. Closed Mon (Piazza S. Egidio).  
**STUTTGART**  
Staatgalerie Picasso: a rare showing of 400 prints from a private collection, including portraits, still-lives and many other themes. Ends Aug 14. Closed Mon.  
Linden-Museum Art of the Aborigines: 90 wood paintings, 40 sculptures and an installation. Ends Sep 25. Closed Mon.  
**VENICE**  
Antichi granai della repubblica China in 220 BC - The Warriors of X'an: ten of the 7,000 lifesize terracotta soldiers who guarded the tomb of Emperor Qin Shihuangdi in central China, along with copies of war chariots and weapons discovered in one of this century's most dramatic digs. Ends Sep 11. Daily (the old granary on the tip of the Giudecca).  
Palazzo Grassi Renaissance Architecture from Brunelleschi to Michelangelo: 250 works from European and American public collections. Ends Nov 6. Daily.

Scuola Grande di San Rocco Titian's portraits. Ends July 10.  
**WASHINGTON**  
National Gallery of Art Willem de Kooning's Paintings: 75 works by America's influential abstract expressionist. Ends Sep 5. From Minimal to Conceptual Art - Works from the Vogel Collection: 90 drawings, photographs, paintings and sculpture by contemporary artists. Ends Nov 27. Recent Prints and Sculpture from Gemini G.E.L.: a selection of work from the acclaimed contemporary art workshop in Los Angeles. Ends Oct 2. Daily.  
National Museum of American Art Thomas Cole: 70 works by the father of the Hudson River school of painting. Ends Aug 7. Mary Vaux Walcott: 50 watercolours by the early 20th century naturalist, explorer and artist. Ends Aug 29. Daily.  
Arthur M. Sackler Gallery Contemporary Porcelain from Japan. Ends Sep 5. Daily.  
**ZURICH**  
Kunsthaus Dada: 150 paintings, drawings and collages, plus a large number of posters, letters and other documents relating to the nihilistic movement founded in Zurich in 1915. Ends Aug 21. Amor and Psyche around 1800: an artistic exploration of the classical Greek legend, with paintings and drawings by David, Picot, Meynier and others. Ends July 17. Closed Mon.  
Graphische Sammlung der ETH Kicking Boxes Billard: European Art and Geometric Forms Since 1970. Ends July 16. Closed Sat and Sun.

Making its way down Tokyo's narrow city streets, Chrysler's sturdy Cherokee Jeep appears as out-sized and out-of-place as its name might suggest.

But Yuki and Asami Nagashima are delighted with the US-made vehicle they bought this year, which offers the kind of spaciousness Japanese families increasingly crave but few Japanese cars can yet offer.

"At first, we hesitated," says Mrs Nagashima. "We thought an American car would consume a lot of petrol and break down easily. But we liked the Cherokee's style."

For the first time in decades, Japanese consumers are taking a serious look at American cars and are pleased with what they see.

While US and Japanese trade negotiations squabble over ways to break down trade barriers, US carmakers have lifted sales in Japan to unprecedented levels. General Motors, the biggest car manufacturer in the US, more than doubled registrations in Japan last year, to 26,700 units, including its German-made Opel model. Chrysler, the third biggest American manufacturer, saw registrations surge last year from some 1,600 to 5,700. Ford also boosted sales in 1993 by nearly 50 per cent to more than 5,400.

Although the figures are still small in comparison to total Japanese car sales of more than 4m last year, these successes have fuelled the ambitions of the Big Three US carmakers in a market once considered impenetrable.

"The Big Three will be able to sell 100,000 cars in the near term. That is not a dream but a reality," says Mr Yoshiaki Kanno, head of public relations at General Motors in Japan.

Chrysler says it expects to double sales this year to 13,000 vehicles. Ford hopes for a similar growth rate this year and talks optimistically about selling up to 100,000 imported cars by 2000 (in addition to cars sold with the Ford marque but manufactured by the Japanese Mazda group). GM is targeting 100,000 imported units for all GM brands by the turn of the century.

The Big Three's success in Japan and their confidence about the future, stem from several important changes in the US car industry, in the carmakers' approach to the Japanese market and in the Japanese market itself.

First, US cars are perceived in Japan as a much improved product, in sharp contrast to the perception a decade ago

## Drive into the rising sun

Michio Nakamoto on inroads US cars are making in Japan

US car exports to Japan: higher gear

	GM	Ford	Chrysler
Jan 1994	622	569	559
Feb 1994	712	713	1,093
Mar 1994	878	1,100	1,802
Apr 1994	697	921	1,273
May 1994	608	927	1,003
Change	15	172	100

when the Big Three's cars were notorious for poor quality and high fuel consumption.

"The Big Three have put a lot of effort into raising their quality and there is little difference between US and Japanese cars," says Mr Atsushi Horigome of Tokyo Nissan Auto Sales, a dealer affiliated to the large Japanese carmaker, which recently began selling Fords.

Such recognition would have been unthinkable a few years ago when the widespread view in Japan was that American cars fell well behind Japanese standards. At the time, many Japanese joked that if you heard a noise under the bonnet of an American car it would be that of a Coke bottle left behind by the production line workers.

A second factor is the renewed confidence of US manufacturers who believe their latest models are highly competitive. "My Lincoln Continental drives 7km a litre. Fuel consumption is much better than Japanese cars of the same size," says Mr Kenon Suzuki, president of Ford Motor Japan. The increased attractiveness of

US cars has been helped by the growing number of Japanese travelling and living abroad. "People no longer see imported cars as something unfamiliar," says Mr Shoji Sugimoto, a director of Yanase, the car importer and dealer which sells GM cars.

But better quality and an improved image alone do not account for the rising sales. Equally important has been the sharp fall of the dollar against the yen in recent months, which has made US cars more affordable.

The dollar's weakness has, for instance, led to a fall in the price of the Cherokee, from ¥3.32m two years ago to ¥3.7m (¥23,600) today. The price of Ford's Taurus Wagon has fallen 10 per cent below that of a comparable Toyota.

US carmakers have also been helped by the uncharacteristic sluggishness of Japanese competitors' response to changes in market fashions. While US station wagons have become popular with Japanese families for more spacious vehicles, few Japanese car-

makers have responded with a range of comparable estate cars. "Japanese station wagons are commercial vehicles," says one manager at a US car group scornfully.

This lapse by Japanese carmakers has provided US rivals with an opportunity to gain a foothold in the local market. At the same time, recession-hit dealers, desperate to keep their businesses going, are more willing than ever to sell foreign cars.

"If we can't make money selling Nissan cars, we'll just have to sell Ford cars," says Mr Masaru Kumi, chairman of Tokyo Nissan Auto Sales.

Such trends are encouraging US manufacturers to use Japan as a springboard for boosting sales in the region. "The Japanese market is the second biggest after North America. Success here means a big step forward in Asia," says Mr Osamu Nagata, marketing manager for Chrysler in Japan.

That explains why the Big Three are strengthening their sales and service networks in Japan, introducing more right-hand drive cars (the Japanese drive on the left) and adopting aggressive pricing strategies in an attempt to secure their foothold in the market.

Ford last month caused a big stir in the industry when it announced a price of ¥2.29m for its 3,000cc 1994 Mustang - cheaper than the nearest equivalent, the 3,000cc Toyota Supra (¥2.9m) and the cheapest Nissan Fairlady Z (¥3.5m).

Ford says that while the high yen was a factor behind the low price, there were broader strategic considerations. "What Ford is trying to do is challenge Japanese makers," says Mr Kenon Suzuki, president of Ford Motor Japan.

US car manufacturers realise that, in spite of their early successes, further efforts will still be needed to meet the high expectations of Japanese consumers. Pleased as they are with their Cherokee, the Nagashimas complain that the car is difficult to drive: "It's like a truck and the steering wheel is not in the right position for Japanese drivers," notes Mrs Nagashima.

US carmakers also face a race against time. Japanese manufacturers are beginning to reap the gains of a period of restructuring and the introduction of new, cheaper models that will be better placed to compete with American products. Ford's Mr Suzuki says: "Japanese carmakers will make a comeback. So we must win acceptance before that."

## The naked civic servants



Britain's Tories are in trouble because they are not thinking clearly. Their curse is not the recession; nor is it inept administration. It is intellectual. They suffer from what Mr David Willetts, a backbencher with a brain, calls "a dangerous uncertainty about the nature of modern Conservatism". You and I might have thought that the Tories are no longer useful because they behave as two parties, in two minds about what they stand for. Mr Willetts puts it differently. "The real problem," he writes in a pamphlet "out today, 'Is that Conservatives have become wary of relying as heavily on the free market as we appeared to do in the 1980s'. Or, as Mr Daniel Finkelstein of the Social Market Foundation observes in a foreword, 'the counter-revolution against a rationalist, abstract and universalist free market triumphalism continues to gather pace'."

Tell us another one. Of course that is what is happening. Capitalism unfettered is being blamed for all our anxieties. The Thatcherite 1980s eroded the power of many respected institutions. Lady Thatcher acted on the advice of, among others, Mr Willetts himself. Much of the medicine was necessary, but there are these drafted side-effects. In the present decade we fear an unravelling of our polity, a disconcerting process whose end is not in sight. Everything is undermined - the civil service, the system of justice, the monarchy, the professions, the BBC. Mr Willetts defends market economics against these charges, but he does not exonerate "neo-liberals". The trouble with them, he says, "is that they simply think in terms of the individual economic agent

without any understanding of the institutions, values and ties which are not just good in themselves but are anyway essential for any real free market to thrive."

Ah yes, but that is not what the gentleman intimated last night. "Conservatives have made a useful alliance of convenience with the free-market neo-liberals and fought many of the battles of the 1980s with them," the ungrateful brute confesses this morning. He didn't say that when he was enjoying his alliance of convenience. His song now is about enduring institutions, such as the family and the nation, not to mention important lasting values, such as honesty, prudence and generosity. These are as much part of the make-up of a true Conservative as good management, fiscal prudence, voluntary societies, a proper legal framework - and the free market.

"The challenge facing both our main political parties," he writes, "is to formulate a coherent set of policies which shows that, as well as for the individual, there must be a role for collective action, but that collective action does not necessarily mean state action."

Mr Willetts has produced a robust defence of this currentist position. It is closely argued, often thought-provoking. "Civic conservatism" could catch on, as a phrase. Alas, the substance of his thesis is undermined by what he leaves out. He clearly favours local self-determination, but dodges the issue of local government, which his lot have all but destroyed. He defends the health and educa-

tion reforms, but does not address the dangers of corruption inherent in appointments from the centre, made by ministers of his party. He warns of the "damage which enormous concentrations of economic, political and legislative power in the hands of government can do", but appears not to understand that over the past 15 years it is his, Conservative, government that has wielded that power.

Someone equal to the task should be brought forward to rebut him. Enter Dr John Gray, a political theorist and, once, a fellow-traveller among neo-liberals. Dr Gray's pamphlet, due next week, is "one of a pair", which could be said of either Punch or Judy. Punch Gray will argue that the destruction of institutions and values has now gone so far as to be irreversible. We let the free market rip and now we must pay the price. There is no turning back to one-nation Toryism. The only remaining undiluted value in our society is choice, self-realisation, individual advancement. You cannot recreate the traditional family, or a sense of duty and loyalty. It is too late. As Mr Willetts reminds us, Dr Gray is apt to quote Wittgenstein's remark that "trying to repair a broken tradition is like a man trying to mend a broken spider's web with his bare hands".

It could be that a reassessed tradition is offered by Dr David Selbourne's *The Principles of Duty*, published this week by Sinclair-Stevenson. This is one of those essays that most of us know is important but cannot quite understand. It is described as "the most comprehensive theory of civic society in English since Locke", and perhaps that is so. Mr Selbourne attempts to shift the basis of political theory from talk of rights to an equation, in which the duties of society to the citizen are matched by the duties of the citizen to society. As I read him, he challenges "self-realisation through unimpeded freedom of action" as an overriding goal, but also rejects the notion that welfare and work are natural rights. His principle, he tells us, "remains in essence a principle of moral expectation - the expectation that the citizen will respect the civic bond and voluntarily accept co-responsibility for the civic order - and of anticipatory moral disapproval if he does not".

What beats me is how the ethical expectations of any of these three contemporary political philosophers can be met in a secular society. On the other side of the Atlantic there is talk of certain values, such as "fairness" and "justice", as natural to the human condition. You do not need a religion to sustain them. They simply arise because, as conscious beings, we see the utility of them. This may be so, but every night the TV news suggests otherwise. We can be sure that to declare a belief in minimal government and the free market is an insufficient response to the need of most human beings to be part of a stable family in a settled community. Mr Willetts is right about that; so is Dr Gray. So, for that matter, is today's Labour party, which is another reason why the Conservatives are in such a deep hole.

*"Civic Conservatism, by David Willetts. 'The Undoing of Conservatism', by John Gray. Both £10 from the Social Market Foundation, 20 Queen Anne's Gate, London SW1H 9AA*

Joe Rogaly

To declare a belief in minimal government and the free market is an insufficient response to the human need for a stable family

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## Broad approach to local government change is right

From Sir John Banham

Sir, In your leader (June 14) you coined a new catch-phrase, the "Concorde fallacy" to describe the current review of local government structure in the English shires now being undertaken by the Local Government Commission - even though only half of our recommendations are as yet in the public domain.

As an occasional user of Concorde (although not at the public expense) I am always impressed with the vision, engineering genius, international co-operation and quality of service that makes it possible for me to arrive in New York before I have left London, and fit for work. It would be nice to think that those now closely involved with local government could match these characteristics.

The fallacy in your own approach, if I may say so, is shown in your last paragraph. You acknowledge a case for unitary status for Leicester and Bristol, and for the abolition of new counties such as Avon and Cleveland. But there is a substantial number of broadly similar places. If Leicester, why not Derby and Nottingham? And if not these, why not Plymouth, Portsmouth, Southampton and a good few others? And Humberside, Cumbria and Hereford and Worcester?

It must be right to pursue a broad approach to cover all the English shires and to allow these issues to be aired in front of the commission and local people so that we may all weigh the evidence for change. It was also right last year to speed the process up so that local government need not be in limbo for any longer than is necessary.

In undertaking the review, the commission, often alone among the many interests concerned, shares most of the concerns to which you now draw attention. First, the commission has always been clear that the law provides that it may propose no change in the current structure if that appears to be what local people want and local circumstances dictate.

Second, the commission has always been concerned to determine, as closely as can be, the true costs of reorganisation and has put these forward so that local people can judge whether they wish to pay the price (as in Rutland where it could be attained for the price of a pint of Rudeles a week for every household).

Third, we have been very concerned to maintain the strategic capability of local government. This has been one factor in our decision in many areas to recommend the retention of the county council and in our wish in nearly every area to retain the existing structure planning framework. It also underlines the commission's general preference for any unitary authorities in rural areas to be larger in population terms rather than smaller.

Fourth, the commission is clear that new councils should devolve management to the local level and provide a bigger role for local councils (an approach the government espouses in Scotland and Wales but so far seems unwilling to support in England).

Fifth, the commission is clear that the real stakeholders in local government, that is local people, should be closely involved in the process of decision, often to the dismay of local politicians who have their own interests to promote. That is why the commission is now embarking on an unprecedented exercise to consult every household on a range of possible structures, any of which we will be prepared to commend to the secretary of state.

Far from being an example of the "Concorde fallacy" the commission's approach to its task is aimed at testing all the arguments of the proponents for change thoroughly, including the financial arguments. Then, if change is to be made, it will be in the light of all the relevant facts. A similar approach to the development of Concorde would probably have resulted in it never having been built. What a shame that would have been!

Moreover, it is at least preferable to the "chattering classes" fallacy: the notion that officials (and leader writers) in London, often with no direct experience of rural life, know best what is good for the people in places like Cumbria, the Fens, Huntingdonshire and Rutland. All previous experience suggests that they do not.

John Banham, chairman, Local Government Commission for England, Dolphin Court, 10-11 Great Turnstile, Lincoln's Inn Fields, London, WC1V 1JY

## No mood for a shift to United States of Europe

From Dr Benn Stiel

Sir, Presented with a fourth slate of candidates for the Strasbourg parliament, Europeans were about as excited as they would be by a fourth plate of lasagne. But the European Union, like an Italian mother, just won't take "no" for an answer.

With recent polls revealing growing anti-Maastricht sentiment across Europe, "citizens of the European Union" were in no mood to rally further moves toward the creation of a United States of Europe. Yet, with no outlet for legitimate desires to keep accountability lodged in national parliaments, Europeans used the European Parliament elections to deliver a loud, but garbled, message on the state of the union and domestic politics.

With voter turnout at its lowest since Euro-voting began in 1979, substantial numbers were effectively endorsing the closest thing to a pan-European movement: the movement to stop further transfers of sovereign control to remote supra-national institutions. Where well-financed, anti-Maastricht groupings were on offer, such as in France, voters delivered stinging rebukes to the main parties. As for the main parties, their representatives generally vied to woo voters either with nationalist lines or promises to pick the pork barrel better than the other side.

There are 567 MEPs who are the illegitimate children of this unedifying affair. They will form a new parliament resembling a Tower of Babel in ways other than linguistic. Article 138a of the Maastricht treaty emphasises the importance of European political parties "as a factor for integration within the Union". They contribute,

we are told, "to forming a European awareness and to expressing the political will of the citizens of Europe".

With nine contrived and tenuous parliamentary groupings - some including anti-unions, and the third largest being the "non-attached" - anyone with a "European awareness" should recognise that they cannot manifest a "political will". Despite the parliament's dubious pedigree, there is a disturbing, almost religious, aura attached to its status as a "democratically elected" institution.

Newly elected MEPs are already crowding about their mission to bring the Union under "democratic control and scrutiny", which will largely consist of exercising their new powers of obstruction under Maastricht provisions. MEPs of all political hues have united behind gratuitous threats to veto new commissioners and legislation, all in the service of arrogating more powers from national governments, and thereby contributing to the construction of the United States of Europe which Europeans have been saying they don't want.

"There can be collective European ventures only if the citizens take an interest and are convinced that the overall direction is the right one" - the words of Commission president Jacques Delors. This time, at least, it is worth taking him seriously.

Benn Stiel, senior research fellow, International Economics Programme, The Royal Institute of International Affairs, Chatham House, 10 St James's Square, London SW1Y 4LE

## Where does Blair stand on EU?

From Mr S G Grant

Sir, In your interesting interview with Tony Blair ("A marvellable Danger Man", June 11), it would have been helpful had he outlined his standpoint on the issue of European Union. John Major has been criticised, rightly or wrongly, for changing his mind over a two-speed Europe. It has to be

remembered however, that Mr Blair, together with Margaret Beckett, the acting Labour leader, and John Prescott, acquired in Labour's policy commitment at the 1993 general election to leave the European Community, S G Grant, 23 Sollerhill West, Lechnorth, Herts SG6 3PU

## Explanation on abuses needed

From Mr A Joseph

Sir, If Mr Kit Jeebens, chief executive of Lauto, the life assurance industry regulator, believes that "the level of abuses is now at a more acceptable level" - as quoted in your article, "When he dies my dear, all this will be yours" (June 11) - then could we

please be informed what is this acceptable level. How does it compare with what Lauto thinks is an acceptable level of abuses in other professions? A Joseph, White House Farm, Tenhorne Bar, Northampton, Yorkshire DL5 3LQ

## Now You'll Never Forget Anything Ever Again! Introducing The New Voice Organizer™!

Finally, it's this simple: If you can talk, you can stay organized!

Whether you're in a plane or your car, at home or in a hotel, the amazing Voice Organizer™ reminds you who, what, where and when...in your own voice!

Thanks to voice recognition technology, you can throw away your notepads, forget about making tickler files, and stop fumbling with miniature keyboards. All you have to do is talk into your friendly Voice Organizer to hold and organize the facts, figures, phone numbers, ideas and appointments you need to remember.

Manage Your Business Day Just By Talking!

The real value of your friendly Voice Organizer becomes obvious the first time you use it! Simply tell your easy-to-use Voice Organizer what information to keep...then, retrieve it whenever you want it.



Who was I supposed to call?



What was that idea I had for my presentation?



Where was I supposed to pick up those reports?



When did I reschedule that meeting?

With 4-Megabits of memory, the pocket-sized Voice Organizer easily remembers:

- Your personal phone directory of up to 400 numbers for up to 100 names. To enter a number, just say: "Bob Jones" and the number...then, when making a call, just say "Bob Jones" and your Voice Organizer will display in "800-555-1212."
- Your personal appointment calendar...All you do is say: "Meeting with George, 09/10, 2 P.M."...then, to review all your events for that day, just say: "09/10."
- 99 individual notes...All you do is say: "Develop New Sales Proposal" and that thought is readily accessible whenever you want to hear it.
- 99 reminders that alert you to every event you schedule -- in your own voice...even up to a full year later...and all you do is say: "Staff Meeting, Monday, 9 A.M."

Now...Try Your Own Voice Organizer RISK FREE For 30 Days!

Order your friendly Voice Organizer now and use it for 30 days with no obligation. The price is just £149.99 (plus £6 p.p.p.). If you decide to return it within 30 days you'll receive full credit.



Manufactured by the world leader in voice recognition products, your Voice Organizer holds a charge for 7 days. A plug-in recharging stand is also included!

Take advantage of the easiest way to remember everything instantly. The amazing Voice Organizer is not available in any store. To order yours, have your credit card ready and call the following number.

Call Now For Immediate Delivery:

0753 676960

To pay by cheque send your payment to the following address:

£149.99 plus £6 postage and packing to:  
Voice Powered Technology International  
Unit 11, Banbury Avenue, Slough, SL1 4LH.

VOICE POWERED TECHNOLOGY INTERNATIONAL, INC.  
The World Leader In Voice Recognition Products.

## FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL  
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Friday June 17 1994

## Sanctions and N Korea

That western countries would move towards imposing sanctions upon North Korea was inevitable following its removal of fuel rods from the Yongbyon reactor with the apparent intent to make nuclear bombs. Coupled with its refusal to permit adequate inspections and its withdrawal from the International Atomic Energy Agency, which carries out the inspections, this action deserved a response - otherwise the Nuclear Non-Proliferation Treaty would be worthless.

As drafted by the US, the sanctions would be mild, and preceded by a grace period to give Pyongyang another chance to comply. The avoidance of more provocative measures is sensible: the world must continue to avoid the temptation to over-react. Though NPT principles are important, it should be remembered that India and Pakistan have developed nuclear capabilities with impunity. It has to be taken into account that North Korea is a small, isolated country run by an aged maverick who wants more international respect and has very few cards to play. The decision to draft moderate sanctions is also useful in that it helps to find off-bores in the US who are calling for precipitate action against Kim Il-sung - including former senior officials who ought to know better. At the same time, the proposed measures have a better chance of achieving an international consensus than would more draconian punishment.

However, it would be pointless to pretend that the action contained

plated will have much actual effect upon North Koreans, who are out a poor but largely self-reliant existence. International contacts are so few that their reduction will barely be noticed. The US has stopped short of proposing a cut-off of foreign transfers of money because this would probably not be acceptable to Japan.

Given the absence of real impact, and the possible consequences of imposing sanctions at all, North Korea promises to wage a "pitiless war" - diplomatic efforts to resolve the crisis without sanctions must be persevered with until the last possible moment.

Former President Jimmy Carter's current visit to Pyongyang may prove useful. But China seems to hold the real key - especially as it can veto sanctions if it believes that their time has not yet arrived. Beijing's efforts to engage Pyongyang over the past week, playing host to officials including its chief of staff, should be given time to work.

China and Japan, which with South Korea have the most to lose immediately from failure to resolve the crisis, have traditionally held back from direct involvement in international disputes. The failure so far of US-led efforts to bring North Korea round puts an extra onus upon them to use their influence to do so, to which Beijing and Tokyo appear to be responding. An Asian diplomatic solution to an Asian problem - backed by the threat of broader international action if necessary - is the desirable outcome.

## Phone alliances

The \$4.2bn alliance forged this week by France Telecom, Deutsche Telekom and Sprint, a US long-distance telecoms operator, should not be allowed to proceed until the French and German governments open their telecoms markets to full competition.

In the context of the liberalisation of telecoms services, international alliances are to be welcomed. In time, some four or five international alliances will compete as "single source" providers to multinationals. These alliances are set to offer more competition and better service than now - of particular benefit to Europe, which suffers from a multiplicity of national jurisdictions and excessive prices for cross-border calls.

Sprint operates in one of the world's most competitive telecoms markets. Whether France Telecom and Deutsche Telekom can add sufficient value to justify their large investments is a matter for them and their state shareholders. However, other US operators do have legitimate concerns about the use of monopoly revenues to aid Sprint, while Europe's consumers have a strong interest in Europe's monopolies being abolished before its monopolists attack other markets.

France Telecom and Deutsche Telekom claim that their alliance with Sprint will compete only in sectors - such as calling cards and data communications - already open to competition. They also stress that the Sprint deal will be completed only a year before full

domestic liberalisation is achieved to meet the EU's 1996 deadline. That is an unconvincing response. It is notoriously difficult to separate out costs in telecoms companies, particularly in the early years after the abolition of their monopolies. Even with regulators dedicated to the task, as in the US and UK, claims of unfair practice abound.

Only last month, Deutsche Telekom was found by Germany's Federal Cartel Administration to have been channelling large subsidies into its data division since the liberalisation of data telecoms in 1992. Until its principal markets are open, international competitors will have understandable doubts about the fairness of competition, while French and German consumers continue to be disadvantaged.

The 1996 EU deadline offers only marginal reassurance. It leaves the French and German voice monopolies intact for another three years. Furthermore, it does not extend to infrastructure liberalisation, vital to effective telecoms competition.

The European Commission is expected to recommend that provision of infrastructure also be liberalised in 1998. It is not, however, feasible for the EU to bring forward the 1996 deadline, given the careful balancing of interests it represents. So if the French and German governments support their companies' desire to invest billions overseas, they should be forced to allow competition at home.

## Slipping market

For the European Commission and EU governments, lack of progress in making the single market work is becoming a severe embarrassment. Yesterday the Commission published a list showing that France, Germany, Greece and Ireland have the worst records in placing single market legislation in national statute books. EU countries have transposed nearly 90 per cent of laws to free passage of goods and services. However, only 50 per cent of single market measures have become legally binding in all 12 countries.

Governments have been particularly slow to open up public procurement, accounting for 15 per cent of EU economic activity. Even where liberalisation measures have become law, there are problems in enforcing them. Many countries appear to be maintaining import barriers through over-restrictive procedures on technical standards, thus flouting agreements on mutual recognition.

This poor record - along with, according to opinion polls, the single market has generated little enthusiasm among companies and consumers. In January 1993, Mr Raniero Vanni d'Archirafi, the commissioner responsible for the internal market, unhelpfully suggested lenient treatment for governments which failed to implement the rules. His subsequent statements have been scarcely more convincing. At the end of last year, for example, he promised "decisive action" to improve implementation. This

week he pledged this would receive "urgent priority". So far, however, he has come up with nothing more muscular than a plan for national civil servants to report on other governments that do not stick to the rules.

Implementing single market rules does test the EU's doctrine of subsidiarity. If decision-making is to be carried out "closest to the people", enforcement should ideally be left to governments. Experience suggests, however, that a strong push from Brussels is essential for achieving compliance. The Commission should not shrink from recommending fines for proven infringement.

Equally, there should be a bare minimum of centrally agreed Euro-laws laying down harmonised norms to ensure products can pass through national frontiers. Where countries persistently misuse national standards, extra legislation may be needed. In general, however, the Commission is right to emphasise the quality rather than the quantity of legislation needed to maintain the momentum of the market.

Setbacks in making the single market operational underline how far the EU must travel simply to consolidate measures agreed under the 1987 Single European Act. If the internal market is to be a lasting success, it will need a decisive champion in Brussels. At present, that person does not exist. A priority for the successor of Mr Jacques Delors will be to ensure that a barrier-free Europe for business becomes reality.

Not one of us." That view of the London Stock Exchange's new chief executive came from a group of UK stockbrokers who recently invited him to speak. It is also the view heard in many trading rooms and boardrooms, as some in the City struggle to come to terms with the exchange's new leadership.

The main challenge for Mr Michael Lawrence will be to salvage the exchange's dented reputation and forge a more coherent identity for an organisation which has never decided whether it is a club, a commercial operation or a regulator.

"What he ought to be worried about is whether the exchange has any role at all," said one board member. "The exchange's only function seems to be to legitimise decisions which favour six big marketmaking firms." Marketmakers are the firms which indicate the prices at which they will buy and sell blocks of equities on the exchange's Sea computer screens.

Mr Lawrence has assumed his role at a crisis point in the exchange's history. Not only has its international standing been dented by the collapse last March of its ill-fated Taurus project for paperless share settlement, but the character of London as a securities trading centre is changing radically.

Since the liberalisation of Big Bang in 1986, non-UK investment banks have increasingly dominated the exchange, employing their capital in innovative ways such as the use of derivatives and trading on their own account. While this trend has helped London become Europe's focus for international share trading, exchange participants are asking whether it can retain that status.

Mr Lawrence's job is to ensure that it consolidates it, and then increases it. The task will be tough for a man who, when appointed last December, was greeted with "Michael who?" by many in the City.

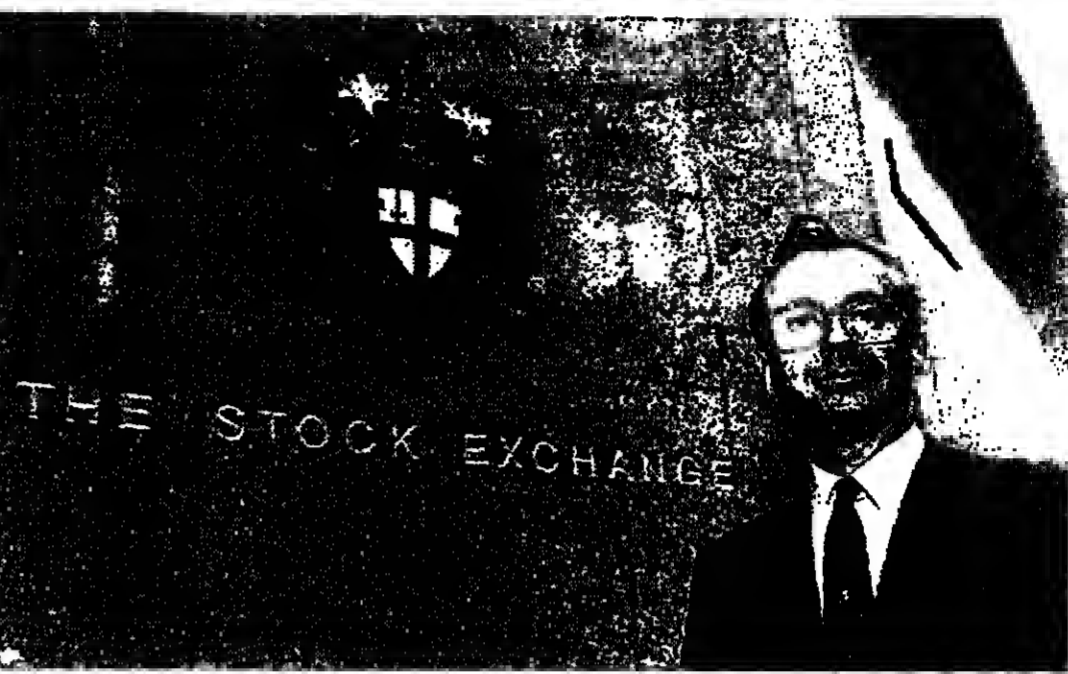
Mr Lawrence, a 40-year-old gold tie-pin announcer that he is neither a public-school-educated politician, nor a street-wise working-class individual - two prevailing City types. He is a product of Wembley County Grammar School who studied physics at three universities before receiving a PhD in 1985 in mathematical physics from Bristol University. He trained as an accountant at Price Waterhouse, where he went on to specialise in reorganising failing companies.

He has never worked in the securities industry and thus cannot be accused of representing vested interests. It is this characteristic of being an outsider which some City observers say may prove his great strength.

Asked whether he isn't "one of us", Mr Lawrence demurs. The con-

## Outsider in the hot seat

Michael Lawrence, new chief executive of the London Stock Exchange, outlines his strategy to Norma Cohen



Taking stock: Michael Lawrence's big challenge will be to salvage the London Stock Exchange's dented reputation

cept of "us" in the City is changing rapidly, he says. "We're going to see a different sense of community because of the international positioning of London. International firms are increasingly important in the marketplace."

The exchange recognised that it needed a new broom after Mr Peter Rawlinson resigned as chief executive when Taurus collapsed. After a long search, the exchange turned to Mr Lawrence, then finance director of the Prudential, the UK's largest insurance company and chairman of the influential 100 Group of Finance Directors.

Four months into the job, Mr Lawrence has let the City get a good look at him, while he has listened to the City. "He said all the right things to us," said one private client stockbroker. "He said 'tell me what you want'."

But the jury is still out on the crucial question of whether Mr Lawrence can translate what he hears into a policy which will ensure the exchange retains its position as the centre of European

equities trading. The task is complicated because exchange members can have conflicting interests - UK and US marketmakers are competing for the same customers, for instance - and the concerns of members occasionally conflict with the exchange's role as a regulator.

Mr Lawrence says he has already come to some conclusions about what the exchange must do to repair its fortunes.

First, the exchange must behave like a commercial organisation. "We have a tremendous brand here in London," he says. "We have to make London as attractive as we can and then go out and market it."

To this end, he has restructured the exchange, altering the main committees' chain of command so that they report to the executive and not to its 21-member board. He says this system resembles that of a typical corporation and is less like that of a trade association. The reform should give the executive more control over decision-making and reduce some of the wrangling among various factions.

However, the change in the committee structure is ringing alarm bells among some of the exchange's powerful marketmakers. "That is a warning signal to me," said the chief executive at one firm. "It means that the exchange can ignore the recommendations of the practitioners."

One of Mr Lawrence's first initiatives rattled the feathers of the marketmakers. He asked the board to approve funds to build an order-matching capacity into the exchange's new Sequence trading system (which will eventually replace Sea, the automated price display mechanism). Marketmakers fear that their competitors will take advantage of them by undercutting their prices. Non-marketmakers support the effort partly because it will blunt the attractions of TradePoint, an emerging dealing system developed by several exchange defectors, particularly in the trading of small company shares.

Among other changes, Mr Lawrence has ditched the post of director of policy, taking on that func-

tion himself. Instead, the exchange will have a director of strategic planning, a board-level post which is expected to be filled shortly. Most critically, it will have a director of marketing for the first time.

The ambitions of the marketing department are initially modest. To start, it will have four or five people seconded from UK and foreign securities firms whose task will be to encourage greater participation by non-UK corporations on the exchange. Mr Lawrence concedes that Stock Exchange members might have felt it unseemly openly to solicit business a few years ago.

But competitive pressures from other European bourses and the emergence of dealing systems such as TradePoint are forcing marketmakers and stockbrokers to rethink their position.

Mr Lawrence dismisses the suggestion that London's best way forward is greater integration with other European exchanges. "Why should we try to create a pan-European stock exchange I do not know," he says. "It would be less friendly to smaller companies because it would inevitably cater for the shares of large multi-nationals."

"I don't believe the option is either a pan-European exchange or open warfare," he says. He argues that international securities houses want simply to see three international trading centres - Tokyo, New York and London - in different time zones. They do not want the expense of setting up offices in every European capital in which they wish to do business and, therefore, will welcome greater concentration of business in London.

One of the most important guarantees of the exchange's future success, Mr Lawrence says, is the ability to offer an efficient "technology platform" to make securities trading cheap, swift and efficient. Although the exchange was reformed in its bid for a 30 per cent stake in Crest, the successor to Taurus developed by the Bank of England, Mr Lawrence believes it has a good chance of being appointed manager of the system.

But technology is only one element of Mr Lawrence's rejuvenation strategy. He will need to win the confidence and commitment not just of the stockbrokers and marketmakers who are members of the exchange but of the corporations which raise capital there and the institutional investors which provide it. To retain its prominence, the exchange must demonstrate that it remains the cheapest and most efficient way to raise capital - unless it can do this, all Mr Lawrence's best intentions will not resurrect its fortunes.

## Will GE continue to indulge US investment bank Kidder Peabody, asks Richard Waters

## What parents are for

Sometimes, having a rich owner is a securities company's greatest asset. Shearson Lehman and First Boston, two leading Wall Street firms, learned that lesson in 1990 when each was helped out by a powerful parent (respectively American Express and CS Holding, the Swiss banking group). Kidder Peabody, errand son of General Electric, the US conglomerate, is the latest to learn the benefits of an owner with a deep pocket.

Since it disclosed in April that \$350m of previously reported trading profits over the past three years were fictitious, Kidder has been the target of rumour and sniping on Wall Street. Questions have been asked about the value of its securities portfolio. Headhunters have circled the firm, trying to pick off its best traders.

In fact, Kidder's difficulties are not as dire as most of the firm's rivals make out - thanks largely to GE. The GE connection has brought some powerful benefits. Whereas other securities firms - including CS First Boston - raise money on their own behalf using their share-GA credit ratings, Kidder is funded through its immediate par-

ent, GE Capital and, ultimately, GE. The top triple-A rating of these companies enables them to raise money cheaply, in turn giving Kidder an advantage over rivals. (With a portfolio of securities valued at \$73bn at the end of last year, shaving even a fraction of a percentage point from the firm's financing costs has a big impact on profits.)

This week, GE has been forced to restate its support for Kidder - a company which, two years ago, it came close to selling. But in the process, it made little pretence about the difficulties the company faces. Mr Dennis Dammerman, GE chief financial officer, drew a direct comparison with other ailing businesses the manufacturing giant has nursed through difficult times before its power generation business in the 1990s, and its network television business in the early 1990s. He implied that the current environment for the securities industry is equally difficult - an observation likely to come as a surprise to many Wall Street firms, which, though not doing as well as

Kidder's business.

Adding to the seriousness of the affair, if the \$350m of trading profits were false, then Kidder's resurgence of the past two years has been false too. GE said this week that it had injected \$200m of capital into Kidder to plug the hole left by the phantom profits.

Kidder's second longer-term problem is its reliance on one market - mortgage-backed bonds - for a large proportion of its (real) profits. Such bonds are created when home mortgages are packaged and sold to investors. Kidder's dominance of this \$1,600bn market (it handled nearly a quarter of all new issues of bonds last year) proved profitable last year as the volume of new bonds soared. In recent months, however, mortgage-backed bond issues have been running at only about \$10bn a month, compared with \$40bn a month at the start of the year.

Kidder has also been affected by being the biggest trader in the market at a time when prices have been volatile. The attractiveness to inves-

tors of mortgage-backed bonds dropped both when US interest rates fell last year (many mortgage holders paid their old loans off early to take on new loans at lower rates, hitting the value of the bonds) and now this year (prepayments stopped, lengthening the bonds' lives and, again, making them less attractive to investors).

Just how badly Kidder has been hurt is impossible to say. At the end of last year, Kidder was more highly geared than any other Wall Street house, with less than \$1bn of capital to support its \$73bn of securities holdings. That suggests that it would only take a small fall in prices to consume a large part of Kidder's capital.

Mr Michael Carpenter, the firm's chairman, again insisted this week that Kidder's bond holdings were hedged against falling prices. He added that the firm had sold a third of its mortgage-backed bond holdings, thought to have been worth about \$12bn, improving its liquidity.

Questions remain, though, about the exchange must demonstrate that it remains the cheapest and most efficient way to raise capital - unless it can do this, all Mr Lawrence's best intentions will not resurrect its fortunes.

## Bargain boozers

Once upon a time American beer and French wine were modish choices in Tokyo - the most expensive city in the world. But now - thanks to the high cost of Japanese currency - consumers yearn for these one-time luxuries more easily satisfied.

Already this year wine imports have doubled and foreign beer imports have increased five-fold. Most goes to supermarkets and discount outlets which report a roaring trade. It is easy to see why.

A quick re-visit to central Tokyo found a 750ml bottle of Gordons gin for a mere ¥2,000 (£12.82) and a range of US beers at between ¥180 and ¥210 per 350ml can, rather cheaper than the Japanese equivalent at ¥290 per can.

But the best things in life are still very expensive in Tokyo. Mitsuhashi, the Tokyo Harrods, is asking a hefty ¥4,300 for a standard bottle of Moët & Chandon Brut Imperial - two-thirds more than it costs in its home country - and ¥285 for a small bottle of Guinness. So sushi-eating black velvet drinkers will still have to hunt pretty hard to find a bargain.

## Not kilty

The governor of the Bank of England might have captured the

financial headlines at Wednesday's Mansion House dinner, but it was the governor of the Bank of Scotland who made the most dashing entrance.

Bruce Patullo turned up in a kiln for the first time. The tartan? The very apposite Ancient Bruce - though he is only 66.

Patullo is not known as a kiln man and theories abound as to why he's now started sporting a sporrán south of the border.

One suggestion is that it helps to emphasise the perception that the Bank of Scotland is more Scottish than the Royal Bank of Scotland, whose chairman Lord Younger tends to abide by English evening dress code.

Another is that now that Patullo is no longer in the running to be governor of the Bank of England, he can wear what he likes. But the simplest explanation is the correct one - his wife bought him his kiln for Christmas.

## Family business

Has Sears group chairman Geoffrey Maitland Smith found a new hobby - furniture-making? Bargain hunters at his group's Selfridges stores on Oxford Street have spotted a new line of tables and chairs carrying the Maitland Smith moniker.

It is not Geoffrey who is the cabinet-maker, but brother Paul. He founded a Philippines-based company in the 1970s making copies

## OBSERVER



of classic British furniture - aimed mainly at the American market - and sold it five years ago to US conglomerate Masco. It opened a concession in Selfridges in February, and says Sears, is trading well - and not just to Americans.

## Wave farewell

Ever wonder what happened to those high-speed river buses that once plied the River Thames in London?

They are re-surfacing in Bangkok, ferrying travellers between the airport and three big hotels along

the Chao Phraya river - the Oriental, the Shangri-La and the Royal Orchid Sheraton.

Siam Development and Holding has bought the whole fleet of eight catamarans from the administrators of Olympia & York, which ran into such difficulties with the Canary Wharf development in London. Four of the boats will go into service on the hotel-airport run from July 1.

The idea is to avoid Bangkok's notorious traffic jams. The journey between airport and downtown hotels should be reduced to an hour - it can take two hours on a normal day and more than five hours if the streets are flooded with rain-water.

## In their court

When is Sir Michael Richardson, Lady Thatcher's favourite corporate financier, going to retire as chairman of Smith New Court, the City stockbrokers?

He turned 69 in April and he could bow out with pride following yesterday's sparkling figures from the firm. Sir Michael, who gets into the office before 8 am and works a full five-day week and sometimes more, has told Observer that he has no intention of soldiering on till 1997, like his old chums Lords Hanson and White. Then again, he has no plans for quitting this year.

Even so, his eventual retirement raises the question of whether

Smith New Court will pick another outsider to be chairman - Sir Michael was the first - or return to its old ways of promoting someone from the shop floor. It will be an interesting test of the firm's maturity.

## Brazilian bingo

The normally friendly rivalry between Brazil's two largest cities - São Paulo and Rio de Janeiro - took an ugly turn at the weekend. São Paulo snobbishly looks down on its poorer, but better-known cousin, Rio de Janeiro, and São Paulo's media especially revels in Rio's reputation for terrifying violence.

But at the weekend 42 people were murdered in separate incidents in São Paulo; 21 were killed in execution-style assassinations believed to be linked to drug-dealing.

By Wednesday morning, however, Rio had recovered its reputation as the country's most violent city - in a 24-hour period, 22 people were shot.

## Umbrella offer

One London wine bar has the measure of the capital's sudden burst of sunshine.

A blackboard outside The Udder Place in Russia Row offers private parties a deal on house wine and "free canopies".

**London**  
BUSINESS SCHOOL

Networking?  
NetWare 4  
of course.

HE SAYS IT EASES THE  
STRAIN OF RUNNING  
THE CAR FLEET.

AUTOLEASE  
ALTERNATIVELY:  
021-706 3388

# FINANCIAL TIMES COMPANIES & MARKETS

Friday June 17 1994

CREATING THE WORLD'S  
MOST LUXURIOUS CLOTHS

Reid & Taylor

LANCASHIRE, ENGLAND. 0613 026  
TEL: 03873 60311 FAX: 03873 60720

## IN BRIEF

### Radical change in Basque country

The Basque country's co-operative movement, centred on the town of Mondragon, is preparing to tap the international financial markets, marking a change to its 40-year-old history of worker-ownership. Page 20

**SKF upgrades forecast**  
SKF, the world's leading maker of roller bearings, has upgraded its 1994 profit forecast yesterday, citing stronger-than-expected growth in volumes in its main European markets. Page 22

**Credit Lyonnais moves on the US**  
Credit Lyonnais, the troubled state-owned French bank, became the latest foreign institution to announce plans for a large investment banking business in the US. Page 22

**A different year for Morgan Stanley**  
Morgan Stanley is not having a particularly great 1994, at least when compared with the industry's record-breaking results of last year. Page 23

**Peter Woo stays confident**  
For a man whose personal wealth has fallen in value by almost US\$1bn this year, Mr Peter Woo, chairman of Wheelock, the Hong-Kong based conglomerate, is very confident. Page 24

**Finex opens in Ireland**  
Finex, the currency futures arm of the New York Cotton Exchange, today opens Finex Europe at the new Dublin Exchange Facility in the International Financial Services Centre. Page 25

**FKI announces German deal**  
FKI, the UK electrical engineering and electronic components group, announced a 38 per cent rise in profits and the acquisition of Rhombus, a German motor manufacturer. Page 26

**AAH ahead by 13%**  
Acquisitions and a buoyant drugs market helped AAH, the UK pharmaceutical distribution group, increase pre-tax profits by 13 per cent in the year to March 31. Page 26

**Southern Water buoyant**  
Southern Water, the UK utility, was in buoyant mood yesterday as it reported a 7 per cent increase in annual pre-tax profits, and gave an encouraging report on the capital intensive coastal clean-up programme. Page 27

**Wates moves on City upturn**  
Wates City of London Properties, the only UK property company to hold all its assets in the City of London, yesterday announced a \$31m rights issue to allow it to take advantage of the upturn in the City property market. Page 27

**Alvis advances**  
Alvis, the UK defence contractor, reported increased profits for the six months to March 31. Page 28

**Chloride Group back in the black**  
Chloride Group, which is transforming itself from a UK batteries business into an electronics group, returned to the black for the year ended March 31, but profits were not high enough to restore the dividend. Page 28

Companies in this issue			
AAH	26	IBM	19
AT&T	27	Inchcape	27
Acare Printing	27	Kidder Peabody	17
Allied Leisure	28	Kingfisher	11
Alvis	28	Looker (Thomas)	27
BT	28	London Merchant Secs	28
Bloomsbury	28	Lotus Development	22
Bradstock	28	Mondragon	26
Brookmont	28	Moorgate Smaller	27
British Biotech	28	Morgan Stanley	23
Brookmont	28	Oxley Corns	27
CS Holding	28	Penna	27
Carnaud/Metalbox	28	Porter Chadburn	28
Cellulose	28	Prokorn	28
Composites Lims	28	Provincial Group	11
Chorley Water	28	ROC	27
Chloride	28	Rea Brothers	27
Chibank	28	Rogalson Props	27
Creditanstalt	20, 28	SKF	22
Credit Lyonnais	28	Sulind	28
Cussons Electrical	28	Saint-Gobain	20
Deutsche Telekom	28	Siemens	20
Edwards Mondiales	28	Slough Estates	20
Empap	26, 28	Smith New Court	20
Emboss Property	28	South Wales Elect	28
Enso-Gutzeit	28	Southern Water	27
Eurotunnel	27, 19	Spartan	17
FD	28	Tinsley Florist	27
Fokus Bank	28	Ugland Int'l	27
France Telecom	28	Wates City of London	27
Hardy Oil & Gas	28	Wheaton	19
Hermes	28	Wheelock	24
Hickling Pentecost	28	Ziff	22

Market Statistics			
Annual reports service	32-33	Foreign exchange	38
Banking and finance	28	Gifts prices	25
Bank futures and options	28	Life equity options	Back Page
Bond prices and yields	28	London share service	32-33
Commodities prices	30	London trend options	Back Page
Dividends announced, UK	28	Managed funds service	34-36
EMS currency rates	28	Money markets	38
Equity prices	28	New list bond issues	25
Fixed interest indices	28	Real estate, UK	31
FT-4 World Index	Back Page	Short-term interest rates	38
FT Gold Mines Index	Back Page	US interest rates	25
FT/SE All Share Index	28	World Stock Markets	30
FT-SE Actuaries Index	31		

### Chief price changes yesterday

FRANCOPHONE (cont)		
Alcatel	558	-11
Alstom	775	-15
BNP Paribas	467	-22
BNP	1221	-22
BNP	1048	-27
BNP	297	-10
NEW YORK (cont)		
Alcatel	558	+1%
Alstom	775	+1%
BNP Paribas	467	+2%
BNP	1221	+2%
BNP	1048	+2%
BNP	297	+1%
PARIS (cont)		
Alcatel	558	+20
Alstom	775	+20
BNP Paribas	467	+20
BNP	1221	+20
BNP	1048	+20
BNP	297	+20
LONDON (cont)		
Alcatel	558	+8
Alstom	775	+10
BNP Paribas	467	+12
BNP	1221	+12
BNP	1048	+12
BNP	297	+12
NEW YORK (cont)		
Alcatel	558	+8
Alstom	775	+10
BNP Paribas	467	+12
BNP	1221	+12
BNP	1048	+12
BNP	297	+12

## Start-up venture will have several hundred employees, combine technologies and operate worldwide IBM tackles 'superhighway' business

By Louise Kehoe  
in San Francisco

International Business Machines has formed a division to create services for the "information superhighway". The services will include applications ranging from interactive television to personal communications messaging systems.

Mr Lou Gerstner, IBM chairman and chief executive, has identified "network-centric" applications as one of the most

important strategic growth markets for IBM. The formation of the Networked Application Services division reflects IBM's determination to play a leading role in this emerging field.

Initially, the division will develop services that will become available on Prodigy, a personal computer dial-up information and communications service jointly owned by IBM and Sears, Roebuck, on Advantis, a data communications network also jointly owned by Sears, and on

IBM Networks worldwide. The market for digital network services for businesses, governments, individuals and the home would grow as the power of digital communication by wire, radio and satellite expanded, IBM said.

Networked Application Services would develop software to provide intelligent communications capabilities on digital networks and IBM was making "substantial" investments in developing these technologies, the company said. The new division, which

focuses on the new division. These services will enable users, for example, to receive messages in different forms - voice, facsimile or electronic mail - no matter how they were originally sent and will prioritise messages according to the needs of the individual user.

Collaborative computing, in which personal computer users work together via a network, will be another important application. Electronic publishing and electronic commerce are also seen as

markets with growth potential. The mission of the new IBM division is "to create services that will be the foundation for a highly interconnected world", the company said. As well as developing broad service offerings, IBM plans to tailor services for specific industries and types of businesses.

Networked Application Services will have its headquarters in Thornwood, New York, with other locations in New York, Florida and California.

## CS chief plays down fears over Austrian bank bid

By Eric Frey in Vienna

Mr Rainer Gut, chairman of CS Holding, yesterday said that Creditanstalt would remain "a proud and independent Austrian bank with its own identity" if his Swiss financial group succeeded in winning control.

Mr Gut said he was well aware of political opposition to the efforts of CS Holding to take control of Creditanstalt, Austria's largest bank.

He felt his group had an even chance of winning control against competition from a rival Austrian-led consortium.

Mr Gut said he would prefer to buy all the government's 49 per cent stake in Creditanstalt which offers 70 per cent of voting stock, but would also be content with a smaller stake in the short-term.

He declined to disclose his offer price. Based on Creditanstalt's share price, the government stake is worth about Sch14bn (\$1.2bn).

Mr Gut was in Vienna to meet Mr Ferdinand Lachner, Austria's finance minister, who wants to privatise Creditanstalt quickly, and to encourage public support for his offer. Mr Lachner said that his decision will not be based on price but on national interest and the interests of Creditanstalt.

"The CS bid for a large state currently owned by the Austrian government should not be seen as a 'Swiss solution' but an international solution," he added.

Mr Gut's earlier announcement that CS Holding is aiming for 100 per cent control of Creditanstalt has aroused controversy in Austria and led to the formation of the rival bid. It is made up of Creditanstalt, Generali, the Italian insurer, Commerzbank of Germany and several Austrian institutions.

Mr Lachner, a social democrat, favours the CS Holding bid, but his coalition partners from the conservative People's Party fear they would lose political influence over the traditionally conservative bank.

The CS Holding offer has also stirred up fears of foreign domination in the Austrian economy. Similar sentiments were voiced before the referendum on EU membership last Sunday.

The outcome of a bidding race for Creditanstalt is quite open, financial sources say.

CS Holding sees Creditanstalt, with its strong position in Austria and central Europe, as a perfect complement to its subsidiaries which include Credit Suisse, Schweizer Volksbank and CBB.

"We do not step on each other's toes, we are a perfect match," Mr Gut said. Creditanstalt would gain from CS's capital, technological assets and international strength.

## Andrew Adonis finds challenges to views of stocks as bond surrogates

This has been a dismal week for utilities. British Gas's warning that it would not raise its dividend this year because of a new price cap imposed by the industry regulator had a knock-on effect on electricity companies as they too await a pricing review.

Such reverberations through the sector reflect the traditional view of utility stocks as interchangeable bond surrogates.

A vigorous debate is under way among analysts and brokers as to the relevance of handling together electricity, gas, telecommunications and water companies in one utility sector.

The protagonists divide into two camps: the "divergers" and the "convergers". The "divergers" believe the utilities are going their separate ways. Their regulatory climates vary widely and their financial returns are diverging. Corporate activity and entry into unregulated sectors will reinforce these trends, as will the growth of competition in all the industries except water.

On this view, gas and telecommunications are prime candidates to lose their utility hedges. British Gas and British Telecommunications remain dominant in their domestic markets. But they face stiff competition.

Both companies are exploiting overseas opportunities with relative ease. BT, for instance, will this year invest more in MCI, a US phone company, than in its UK network. With Mercury, cable companies and other new entrants taking market share in all telecom sectors, BT chiefs speculate that the present regulatory price cap due to expire in 1997 - will be the last.

Mr Robert Morris, analyst at Goldman Sachs, sees manifold opportunities for BT if it expands its home market and becomes an international leader in new services. Yet fears that competition is a one-way street have dragged down BT's share price, exacerbated by a slow-down in nominal dividend growth. Real dividend growth is expected to be between 3 and 4 per cent over the next few years, less than for electricity or water.

Mr Nigel Hawkins, of Hoare Govett, believes the decision to privatise gas and telecoms as single entities, but to split water and electricity distribution, has created a regulatory divide between the two groups of utilities. "In practice where there is more than one operator the regulator tends to be more generous to the sector as a whole, as we are likely to see with water and electricity in the reviews of their price caps, making a significant difference to expectations."

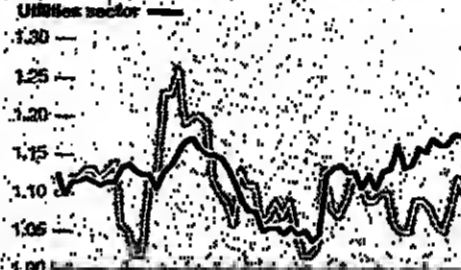
Hence, in part, the better performance of water and electricity shares of late, although the latter has suffered in recent days.

However, Mr Hawkins paints a sharp difference even between water and electricity. With regulatory reviews ongoing in both industries, their regimes are diverging. While the water companies are set to have a price cap of, effectively, RPI+1.7 per cent, the Rees are likely to have to make a one-off cut of between 12 and 15 per cent with a price cap thereafter of around RPI-2.5 per

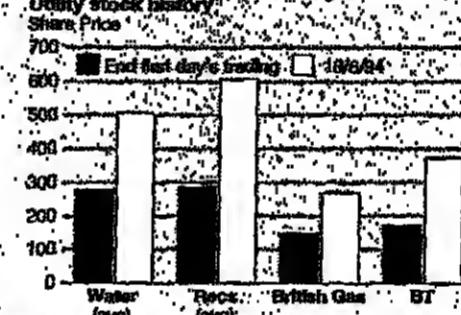
## Diverging views on UK utilities' identities

### UK utilities performance record

Yield ratios relative to FT-SE-100 All share dividend yield

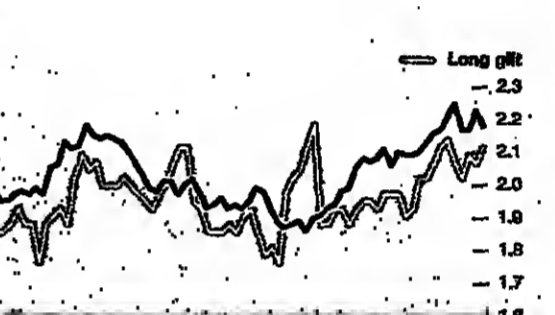


Utility stock history



Source: Datastream, SG Warburg

### Performance relative to FT-SE-100 All share dividend yield



Source: Datastream, SG Warburg

## Underwriters braced for Eurotunnel hangover

By Simon Davies in London

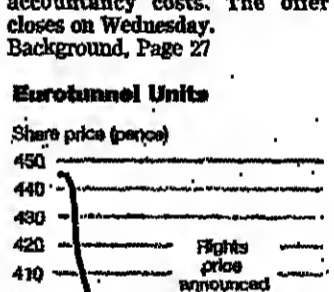
Eurotunnel's shares closed 14p lower at 303p yesterday, raising the likelihood that the underwriting syndicate may have to take up a significant portion of one of the UK's largest ever rights issues. The price of the UK-listed Eurotunnel units has fallen 18 per cent since June 6.

Underwriters were confident yesterday that small shareholders would take up their rights in the 2858m (£1.3bn) share offer, despite the absence of free travel incentives, but they can ill afford a further fall in the share price.

The underwriters have a cushion with the rights shares priced at 265p. The burden will also be eased by fees Eurotunnel is paying £42m, including legal and accountancy costs. The offer closes on Wednesday. Background, Page 27

### Eurotunnel Units

Share price (pence)



Source: FT Graphs

RECYCLE YOUR BUSINESS CARD INTO OFFICE SPACE.

(Attach below.)

Wear

In return, we'll send you details of Tyne and Wear's stunning riverside, city centre and award-winning business park premises. We'll tell you about our 'intelligent' buildings (they put you in touch with the world in micro-seconds); and about our intelligent people (they're just itching to show off their skills). Finally, we'll offer you a super-generous financial package that's extra-hard to refuse. Send us your business card, or call 0800 638888 now. It'll help improve your business environment.

Alternatively, fill in the coupon and send it to: Tyne and Wear Development Corporation, Seaburn House, Newcastle Business Park, Newcastle-upon-Tyne NE4 7YL.

NAME: \_\_\_\_\_

COMPANY TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

TELEPHONE: \_\_\_\_\_

THE BIG FOUR BANKS OF THE NORTH EAST

## Packagers merge beauty units

By Alice Rawsthorn in Paris

CarnaudMetalbox, the Franco-British group, is merging its health and beauty packaging interests with those of Wheaton, the privately owned US concern, to create the largest force in that segment of the international packaging industry.

Mr Jurgen Hintz, chairman of CarnaudMetalbox, said Wheaton International, the newly merged company, would be world leader in the profitable health and beauty packaging business with a 5 per cent market share on annualised sales of FF7.5bn (\$996m).

"We'll be the only company in that market with the capacity to launch products simultaneously all over the world," he added.

The merger reflects the consolidation among the cosmetic, per-

fume and pharmaceuticals companies that are the customers of CarnaudMetalbox and Wheaton's health and beauty packaging interests. These areas of the packaging market have shown strong growth in recent years, thanks partly to the trend towards more elaborate packaging, particularly in the beauty sector.

CarnaudMetalbox and Wheaton, which respectively command annualised sales of FF7.5bn and FF2.6bn in the businesses that will be pooled to create Wheaton International, share some multinational clients such as France's L'Oréal, Procter & Gamble, of the US, and the Anglo-Dutch Unilever.

However, Mr Arnaud Fayet, director of CarnaudMetalbox, stressed the two companies were

"very complementary in terms of regional spread and product specialisations". CarnaudMetalbox, he said, was strongest in Europe and in cosmetics packaging with Wheaton's strength lying in North America and the pharmaceuticals field.

The merger will speed up expansion in south-east Asia where CarnaudMetalbox has five production plants and Wheaton has a factory in China.

The ownership of Wheaton International will be evenly split between CarnaudMetalbox and its US partner.

The deal is expected to take effect from this autumn, subject to the approval of US regulatory authorities. Mr Hintz said that the effect on CarnaudMetalbox's earnings per share would be neutral for this year and next year.

## INTERNATIONAL COMPANIES AND FINANCE

# UK media group buys four French units for FFr914m

By David Wighton in London and Alice Rawsthorn in Paris

Emap, the UK media and exhibitions group, has agreed to spend a total of FFr914m (\$150m) on four acquisitions which will make it the third largest consumer magazine publisher in France.

The main deal is the purchase for FFr710m of Editions Mondiales, a Paris-based publisher with 8 per cent of the market. Emap is also buying France's biggest selling motor magazine, L'Auto Journal, from Mr Robert Hersant, the press baron who owns Le Figaro newspaper.

Mr David Arculus, Emap managing director, said it had been planning a big expansion in France for some time having first entered the market in 1980 via a joint venture with Bayard Presse.

At one leap this gives us 10 per cent of the French consumer magazine market with a further 1 per cent in the joint venture.

He said most of the French titles were similar to those it

owns in the UK and added that they were being acquired at just the right point in the economic cycle. "The prospects for the French economy are now looking as healthy, if not healthier, than the UK with some signs of advertising starting to pick up."

French publishing was hit by a severe recession with advertising and circulation falling off sharply and new launches intensifying competition, particularly in the newspaper market.

A number of magazines, including Condé Nast's French Vogue and Le Point, the political weekly, have cut their cover prices in an attempt to bolster flagging sales. The pressures have posed serious financial problems for a number of companies, notably Mr Hersant's huge media group.

Its sale of Auto Journal, part of a continuing disposal programme, heightened speculation about the fate of the group's remaining titles such as France-Soir, the loss-making evening paper.

Emap has long had its eyes on Editions Mondiales, a Paris-based publisher whose 28 titles include TV listings magazines, which sells 1.4m copies a week.

Mr Arculus said that combining the acquisitions with Emap's French operation would result in lower overheads and purchasing benefits.

The acquisitions made total operating profits of £1m (\$1.5m) on turnover of £138m last year, but Emap said the deals would enhance group earnings in the first full year if, as it intends, they are funded by debt.

Mr Arculus said the slim returns partly reflected the fact that they had been privately-owned and run "with tax rather than profits in mind".

Emap's UK consumer magazines made £24m on turnover of £169m last year. Mr Arculus said this indicated the scope for improvement in the French businesses. He said this was reflected in the price, which was less than annual turnover. Details, Page 18

# Smith New Court posts sharp gain in earnings

By Norma Cohen, Investments Correspondent

Smith New Court, the UK-based equities market-maker and broker, reported a surge in pre-tax profits for the year ended April 1994 to £95.2m (\$158.6m), from £38.7m the year before, reflecting gains across most of the firm.

The firm's shares closed 4p higher at 373p, bucking the market trend in London yesterday. The dividend was increased to 10p per share from 8p.

Return on capital was 47.8 per cent in the year, more than double the 20 per cent rate of return the London Stock Exchange calculated the average UK securities firm earned in 1993.

"We are building products our clients want," said Mr Michael Marks, chief executive, in explaining the firm's success in its niche markets. Despite volatile trading conditions in the last quarter, profits in the second half nearly doubled from the £31.1m recorded in the first half.

The firm does not provide specific details of the profitability of its geographical regions. However, international income accounted for 47 per cent of the total against 49 per cent from UK activities. In 1993 domestic activities accounted for 80 per cent of the total.

Mr Marks said that profits from the firm's US-based Carl Marks and Co subsidiary, had benefited from the installation of a new system which allows regional critical share research electronically. "They pay us for it by their order flow," he said. Also, the US division benefited from the general trend among domestic pension fund investors to increase their exposure to non-US securities.

Also, Smith New Court said it has dramatically reduced its dependence on market-making as a source of profitability. In the latest year, marketmaking accounted for 48 per cent of profits with the remainder coming from commissions and fees.

# Basque co-op changes its culture

Mondragón is preparing to tap financial markets, writes Tom Burns

The Basque country's co-operative movement, centred on the town of Mondragón, is preparing to tap the international financial markets, marking a change to its 40-year-old history of worker-ownership.

"We are talking about a new culture for us," said Mr Miguel Angel Laspiur, chief financial officer of Mondragón Corporación Cooperativa (MCC), the corporate umbrella of 102 individual co-operatives which has assets of Ptas\$912m (\$7.2bn) and posted combined sales of Ptas44bn last year.

Mr Laspiur plans to create a financial holding company later this year, funded principally by foreign institutions, that will invest in some existing MCC co-operative units, such as Fagor Ederlan, the car component producer, and provide additional capital for new ventures.

These will be set up as limited companies, as opposed to co-operatives owned by their employees, and will be controlled by MCC.

"We are not talking big figures [for the holding company] right now and will only be seeking Ptas10bn-Ptas15bn but this is just the beginning and the numbers could multiply fast," said Mr Laspiur.

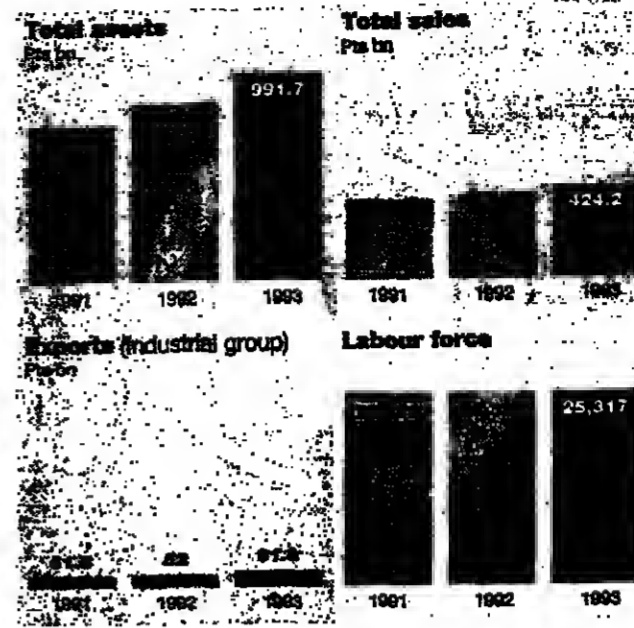
The development, which bears comparisons with the 1989 conversion and flotation of the UK's Abbey National building society and with the venture capital attracted by Australia's Westralian Farmers Co-operative, has attracted considerable interest.

Mr Javier Salaverri, managing director in Spain of Schroders, the UK merchant bank, says the offer was "a very exciting prospect and very sensible move by MCC which will enable it to compete for capital".

Mr Santiago Eguiluz, head of corporate finance at the Madrid securities firm AB Asesores agrees: "The Mondragón group is a great generator of industrial initiatives and it has long proved itself to be a high-quality industrial manager," he says.

Mr Laspiur concedes that it may be difficult to bring in the funds.

"There is no precedent for an industrial corporation of our



size, which is owned by co-operatives and run from the bottom up, going to the markets and there could be problems in explaining what Mondragón is all about."

The most visible aspect of Mondragón is the output of machine tools, car components and electrical white household goods of its industrial division which had combined export sales of Ptas1.6bn last year, 35

per cent of total sales and 19 per cent up on the 1992 export figure.

In spite of the recession, MCC posted good results last year with pre-tax profits of Ptas28.9bn, a 28 per cent increase on 1992, and it expects to lift this year's gross income by a further 15 per cent to 33.5bn on sales of about Ptas50bn.

MCC has benefited from diversification into three broad divisions: industrial production, distribution and finance and financial services.

The strong export business generated by the corporation's car component manufacturing units helped to raise the indus-

trial division's earnings and offset dampened results posted by the co-operatives dedicated to manufacturing capital goods, machine tools and electronic products.

Increased profits in the financial division meanwhile helped to finance investments totalling Ptas3bn last year in MCC's spreading network of hypermarkets.

There could be a problem

**The chief executives of MCC, such as Mr Laspiur, who are elected by their fellow employees, are confident they will win round their colleagues and the fund managers**

ment, as it was originally known, has grown into a worker-ownership empire that embraces a large technical school, a highly-regarded applied research centre and a financial division built around its own savings bank and its healthcare, life insurance and pensions group.

In a research paper for Bristol University, sociologist Dr Martin Fairclough noted that Mondragón has been "like a shrine and a wholly wild" co-operative undertakings elsewhere in the world.

The chief executives of MCC, such as Mr Laspiur, who are elected by their fellow employees, are confident they will win round their colleagues and the fund managers.

Outside capital will soon be urgently required because the growth of the corporation, particularly in the distribution sector where it has ambitious shopping centre projects, can no longer be self-financing in a satisfactory way.

A degree of degeneration from the worker-owner and industrial democracy ideal has taken place. MCC has since 1991 been buying local engineering companies and turning them round into profitability although not into co-operatives.

In an even more drastic departure from its traditional approach to business, MCC is planning to open a white electrical goods plant outside Casablanca in a joint venture with a Moroccan investment group.

"Just like the Swedish multinational Electrolux came south and set up shop on Spain, we're going south into Morocco," said Mr Laspiur. One difference is that MCC's Mr Laspiur, as a member of a co-operative organisation, earns at best 55 per cent of the salary that the chief finance officer of a rival multinational might command.

Mr Laspiur and his fellow senior executives want to keep it that way and they believe that tapping the markets will not change the essential ethos of the Mondragón group.

However, some international fund managers might be surprised to hear Mr Laspiur admitting that he and his fellow top worker-owners are "a bit like monks".

# Saint-Gobain expects rise in net profits

By Alice Rawsthorn in Paris

Saint-Gobain, the French glass and building materials group, expects to achieve a large increase in net profits during the first half of this year, according to Mr Jean Louis Beffa, chairman.

Mr Beffa, speaking at the group's annual general meeting in Paris, said the pick-up in activity which started during the final quarter of 1993 had continued so far in 1994. Saint-Gobain last year suffered a sharp fall in interim profits to FFr452m (\$79.3m) from FFr1.4bn during the same period of the previous year due to the pressures of the European economic recession.

The group has benefited, according to Mr Beffa, from "improved economic conditions and the effects of cost-cutting" and is on course for a "significant improvement" in interim profits for 1994.

# Peru sells 49% stake in cement producer

By Sally Bowen in Lima

The Peruvian government has sold its minority holding in Cementos Lima, the cement producer. The auction, held in Lima, was Peru's first over-the-counter primary offering for a privatisation.

Proceeds from the sale of the 49 per cent holding - comprising some 308,000 voting shares - topped \$103m. The 39 per

cent auctioned fetched \$82m while existing shareholders paid \$21m for another 10 per cent, the equivalent of the final price.

Lead managers for the sale were Bankers Trust of New York.

Thirteen stockbrokers presented bids which finally secured 41 per cent of the allocation at the clearing price of \$266 a share.

# Hermes forms alliance

By Hilary Barnes in Copenhagen

Hermes, the German credit insurance group, and Dansk Kaution, the Danish credit risk insurance company, have agreed a strategic alliance.

The German company would pay about Dkr106m (\$16.1m) for a 20 per cent stake in the Danish company, while Dansk

Kaution would acquire a 30 per cent holding in Hermes's Swedish credit insurance company for Dkr12m, Dansk Kaution said yesterday.

Dansk Kaution's articles of association, which prevent any one shareholder from owning more than 12 per cent of the company, must be changed before the alliance can come into force.

This announcement appears as a matter of record only.

June 1994

## LANDESBANK RHEINLAND-PFALZ

U.S.\$1,500,000,000

Landesbank Rheinland-Pfalz, Girozentrale

(Incorporated under Public Law in the Federal Republic of Germany)

and

LB Rheinland-Pfalz Finance B.V.

(Incorporated with limited liability in The Netherlands)

Amounts payable in respect of Notes of which are unconditionally and irrevocably guaranteed by Landesbank Rheinland-Pfalz, Girozentrale

## Euro Medium Term Note Programme

Arrangers

Merrill Lynch International Limited

Merrill Lynch Bank AG

Merrill Lynch Finance S.A.

Dealers

Daiwa Europe Limited

Goldman Sachs International

IBJ International plc

Landesbank Rheinland-Pfalz, Girozentrale

Lehman Brothers

Merrill Lynch Finance S.A.

Merrill Lynch International Limited

Morgan Stanley & Co.

Salomon Brothers International Limited

Swiss Bank Corporation

This announcement appears as a matter of record only

## STATE BANK OF VIETNAM

US\$100,000,000

Five-Year Loan

Arrangers

Krung Thai Bank Public Company Limited  
Export-Import Bank of Thailand

Lead Participants and Underwriters

Bangkok Bank Public Company Limited

Deutsche Bank AG, BIBF

Dresdner Bank AG, BIBF

Export-Import Bank of Thailand

Krung Thai Bank Public Company Limited - IBF

Thai Military Bank Public Company Limited - IBF

The Thai Farmers Bank Public Company Limited - IBF

Participants

Asia Credit Public Company Limited

Bank of America NT & SA, BIBF

Dhana Siam Finance and Securities Public Company Limited

Merrill Lynch & Co.

Thai Investment & Securities Public Company Limited

The Bank of Nova Scotia, BIBF

Union Asia Finance Public Company Limited

Agent

Krung Thai Bank Public Company Limited - IBF

June 17, 1994

# AG Group and N.V. AMEV will be named Fortis AG and Fortis AMEV. What will that change?

## Everything.

— **The names, of course.** And that's a symbol of a fundamental change. Fortis was created by its parent companies - N.V. AMEV from the Netherlands and AG Group from Belgium - to build a strong international insurance and banking group.

— **The names of the shares.** AG shares become Fortis AG shares and AMEV shares, Fortis AMEV. Now, investors and shareholders will follow Fortis AG share quotations in Brussels and Fortis AMEV share quotations in Amsterdam that reflect the value and success of all the companies within Fortis.

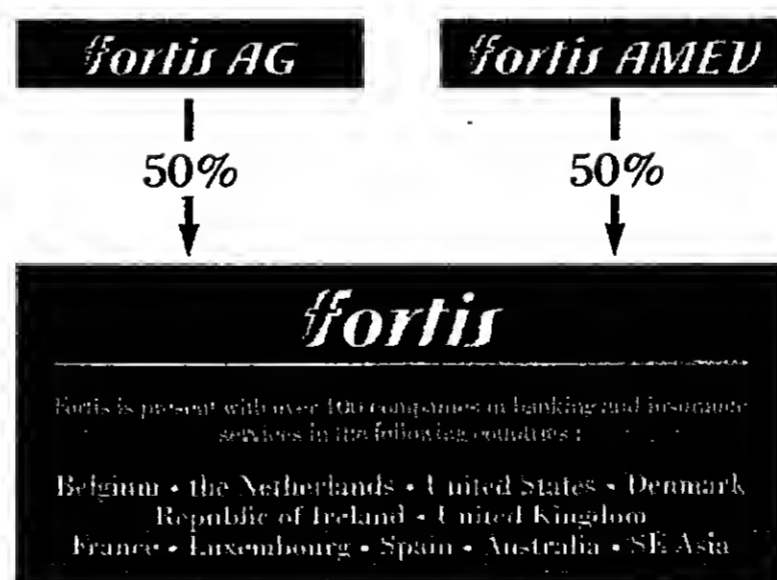
— **A clear corporate structure.** Through a better identification with Fortis, further confusion will be avoided with "AG 1824" in Belgium and "AMEV Nederland" in the Netherlands, both major insurance companies in their home countries. Next to these two companies, there are more than 100 other companies on four continents sharing a vision for the future that will benefit clients, investors and personnel. The name of this vision? Fortis.

## And nothing.

— **Each Fortis company remains the same.** They retain their own identity, their own products and services. In every country, their individual brand names and logos will maintain a strong presence on the market as they continue to build their reputation for excellence.

— **Our service remains the same.** Brokers and other professionals will continue to work with local Fortis companies whose quality products and services they have come to rely on. Clients will perceive no change whatsoever in their individual accounts or policies: whether they are with AG 1824, AMEV Nederland, VSB Bank, ASLK-CGER, Fortis in the United States or any other company of the group.

— **The challenge remains the same.** Now, more than ever, each company within Fortis will continue to strive to play a leading role in its own market. And the 32,000 people worldwide who take on that challenge every day at local level, will know that they are part of a wider, international family. It's name? Fortis.



**Fortis AG**

Boulevard Emile Jacqmain 53,  
1000 Brussels, Belgium.

**Fortis AMEV**

Archimedeslaan 10,  
3584 BA Utrecht, the Netherlands.

## INTERNATIONAL COMPANIES AND FINANCE

## SKF upgrades profits forecast for full year

By Christopher Brown-Humes in Stockholm

SKF, the world's leading maker of roller bearings, sharply upgraded its 1994 profit forecast yesterday, citing stronger-than-expected growth in volumes in its main European markets.

The group expects profits of SKr1.5bn (\$190m) this year, compared with an April forecast of SKr1.2bn. This would be its best result since 1990, and follows a SKr1.8bn loss in 1992 and a SKr668m deficit last year.

SKF said a recovery was under way in all its European markets, particularly in the automotive industry, its most

important customer base. "It is probable that the favourable market trend will continue during the remainder of the year," it said.

Europe accounts for 60 per cent of group sales. "There is a strong recovery under way in Scandinavia, the UK and Italy. But we can also see that the German market is levelling out and starting to improve," the group said. It said there was particularly strong growth in demand from truckmakers.

The company is also benefiting from a solid upturn in the US market, where profits have increased every quarter for the past two years. The US is the group's largest single market with 26 per cent of sales.

"We are taking market share," the group said, although it declined to be specific. Its share of the world market, excluding China and former Comecon countries, is around 20 per cent, twice its nearest competitor.

SKF made a SKr306m profit in the first quarter of 1994, after losses of SKr355m in the same 1993 period. Sales climbed 12 per cent to SKr3.05bn. The recovery has been helped by extensive cost-cutting - which has led to the loss of 15,000 jobs over four years - and currency factors.

The company's B shares yesterday rose SKr1 to SKr139, against a downward market trend.

## Celsius buys information technology business

By Christopher Brown-Humes

Celsius, the Swedish defence group privatised last year, said yesterday it was buying the information technology concern, Dialog, for up to SKr480m (\$60.5m).

The purchase will broaden the group's range of consulting and technical services and enable it to offer software development and computer operations expertise to military and civilian customers.

Dialog has 2,000 employees and an annual turnover of SKr1.8bn. This will lift Celsius's information technology sales to SKr6bn, and bring total group sales up to SKr15bn.

Mr Ake Flym, Celsius president, said Dialog's customer profile, based around municipal authorities and large companies, fitted well with Celsius's other IT operations.

Two previous acquisitions, Teab and CelsiusTech, have given the group a strong position in the military information technology sector. However, it has also expanded into the civilian sector with Teab's purchase of the Swedish telecom company, Dotcom, and Celsius's acquisition of the voting majority in Enator, a firm of IT consultants.

Celsius will initially pay SKr380m for Dialog, and up to SKr480m more under an earnings-related formula.

It is buying the company from the Swedish Association of Local Authorities.

## Crédit Lyonnais plans new US unit

By Richard Waters in New York

Crédit Lyonnais, the troubled state-owned French bank, yesterday became the latest foreign institution to announce plans for a large investment banking business in the US.

Meanwhile, CS First Boston, the investment banking subsidiary of CS Holdings, signalled a step in the opposite direction, with a move into arranging loans for US companies.

Crédit Lyonnais' reputation in the US has been damaged by its involvement with MGM, the film studio it has owned since it foreclosed on a loan

to Giancarlo Parretti.

Mr Robert Cohen, the bank's chief executive in the US, said that business had been handled through the bank's Dutch operations, rather than its US bank.

He indicated that the US operations have been one of the most profitable parts of the group, making after-tax profits of \$170m last year, equivalent to a return on capital of 24 per cent.

Crédit Lyonnais has grown to be one of the biggest foreign-owned commercial banking operations in the US in recent years, with \$10.5bn in commercial and industrial loans and a staff of 700, up from 400 five years ago.

Mr Cohen indicated that the bank intended to expand its 100-strong investment banking business at the same rate of about 60 people a year, mainly on the fixed-income side.

The bank plans to sell European and US government bonds in the US, and to underwrite debt issues for both European and US companies, he added.

Crédit Lyonnais' fast loan growth echoes that of other foreign banks in the US.

According to a study released last week by the Office of the Comptroller of the Currency, foreign banks accounted for around 47 per cent of all commercial and

industrial loans in the third quarter of 1992, double the level of 10 years before.

CS First Boston said it had hired Mr Robert O'Brien, a former managing director of Chemical Bank - one of the leaders in the syndicated loans market - to arrange loans for existing customers.

The move, unusual among investment banks, is the reverse of steps taken by US commercial banks to extend into the bond markets.

Loans originated by CS First Boston will be booked by Crédit Suisse, the banking arm of CS Holdings.

## Solid gain at Enso-Gutzeit

By Christopher Brown-Humes

Enso-Gutzeit, the Finnish pulp and paper group, saw profits after financial items reach FM396m (\$66.4m) in the first four months, a sharp rise from last time's FM28m.

The group benefited from higher pulp and sawn-wood prices, as well as foreign exchange gains and lower financial costs.

The upturn would have been stronger, but for a 7 per cent appreciation in the value of the markka and higher depreciation costs.

Markka prices for fine paper, newsprint and coated magazine paper were also lower than a year ago.

The group remains optimistic about prospects because of strengthening prices for

most pulp and paper products and rising capacity utilisation.

Mr Jukka Härmälä, chief executive, said 1994 figures should show a "clear improvement" on last year's FM386m profit, "provided there are no unexpected turns in external factors".

The figures are further evidence of a broad recovery in the Nordic pulp and paper sector.

Sales rose 19 per cent, to FM5.5bn from FM4.6bn, mainly because of last year's purchase of forestry and board operations from Tampella. However, operating profits rose only 5.6 per cent, to FM701m from FM664m, due to the stronger markka, falling prices, and higher depreciation.

Lower interest rates and the

healthier markka reduced financial costs to FM508m.

There was also a foreign currency gain of FM38m, after a FM70m loss last year.

Meanwhile, Enso said it had tightened its grip on Bergshäuser Papierfabrik, its struggling Dutch paper subsidiary, following a public offering for the outstanding shares in the company. Enso's stake has risen to 77.1 per cent from 57.8 per cent. The offer will be extended.

Bergshäuser specialises in high-quality copying and writing papers, in a highly-competitive market.

Last year, it suffered a F14.5m loss on sales of F194.8m. Its performance is not expected to improve this year.

## VNU shows interest in elements of Ziff

By Ronald van de Krol in Amsterdam

VNU, the Dutch publisher, yesterday expressed interest in buying parts of Ziff Communications, the US-based publishing group put up for sale last week. However, it ruled out an outright bid.

The Dutch publisher emphasised it was not actively looking at Ziff. "We have had no contact with them whatsoever, and they haven't had any with us," a spokesman said.

Ziff, which is expected to be sold for between \$2bn and \$3bn, was too big an acquisition for VNU to contemplate, he said.

Reed-Elsevier, the Anglo-Dutch publishing group with the resources to make takeovers on this scale, refused to make any comment on

whether it was considering a bid.

Ziff, the world's largest publisher of computer magazines, was put up for sale by the Ziff family last week.

There has been speculation on possible bidders among the world's publishing groups, but no company has yet publicly expressed an interest in buying the privately-held group.

Like Ziff, VNU is active in computer magazines, particularly in the UK and continental Europe. It is also active in consumer and trade magazines, regional newspapers and commercial television.

VNU carried out a share issue earlier this year to finance the acquisition of BEI Communications of the US, whose titles include the daily newspaper Hollywood Reporter and Billboard magazine.

## Lotus in electronic mail acquisition

By Alan Cane

Lotus Development Corporation, the Massachusetts software company, is buying Softswitch, a privately-held company, for about 1.3m Lotus shares. This values Lotus at just over \$70m.

Softswitch supplies electronic mail message switches that create links between electronic mail systems from different manufacturers. Mr Michael Zisman, Softswitch president, will become vice-president of a new Lotus business group, Inter-Enterprise Computing.

The group will bring together Softswitch and a venture involving AT&T called Network Notes, headed by Mr Larry Moore, vice-president of Lotus Telecommunications Services.

Lotus, one of the largest US software houses, rose to prominence through the success of its integrated spreadsheet, 1-2-3.

More recently, it has achieved significant sales for Lotus Notes, a groupware product which integrates messaging, forms-generation and document flow in large networked environments.

Among the organisations using Notes is Andersen Consulting, a leading information technology consultancy. Lotus' marketing alliance with AT&T is designed to broaden Notes appeal.

Mr James Gosgrove, head of AT&T's data communications services division, said recently inter-company networking and data-sharing were two of the principal trends driving progress in computer networking.

## Korea Liberalisation Fund Limited

Placing and Open Offer to raise US\$66,000,000

Brokers-

James Capel &amp; Co and Lucky Securities

April 1994

## Taiwan Investment Trust PLC

Placing and Intermediaries Offer to raise £45,000,000

Sponsored by

James Capel &amp; Co

February 1994

## China Investment Trust PLC

Placing and Concurrent Offer for CST Emerging Asia Trust PLC

Sponsored by

James Capel &amp; Co

April 1993

## Hong Kong Investment Trust PLC

Placing of 8,000,000 new Zero Dividend Preference Shares

Sponsored by

Allied Provincial Securities

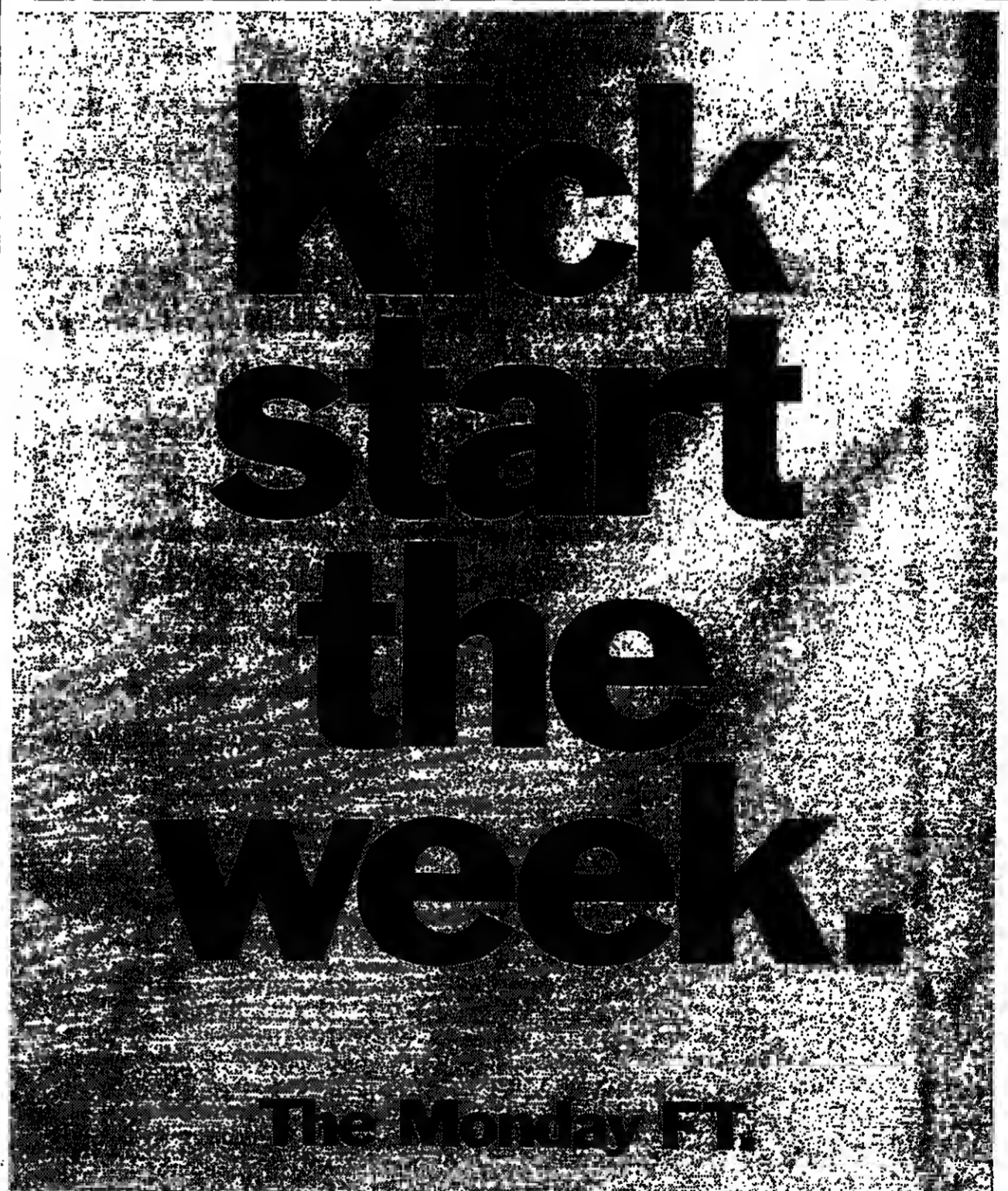
November 1993

## Jupiter Tyndall in the Far East.

Enquiries to:

Jupiter Tyndall (Asia) Limited  
Suite 1504, Hong Kong Club Building  
3a Chater Road, Central Hong Kong  
Tel. no. 010 852 845 4333

Jupiter Tyndall Merlyn Limited  
(Member of IMRO)  
197 Knightsbridge House, London SW7 1RB  
Tel. no. 071 412 0703



This Monday, and every Monday set yourself up for the week ahead with the Financial Times.

Its agenda will not only alert you to the business opportunities and highlights of the week, it will help you make the most of life outside work too, offering a comprehensive guide to everything from the Arts and fashion to health and travel, in an easy to use format. So, to give yourself the best possible start, kick off with the FT this Monday.

**Financial Times. Europe's Business Newspaper.**

From now on, AG shares will be known as Fortis AG,  
and AMEV shares will be known as Fortis AMEV.

## INTERNATIONAL COMPANIES AND FINANCE

## Morgan Stanley banks on new blood infusion

The firm is pursuing an ambitious hiring plan despite the downturn, writes Patrick Harverson

Morgan Stanley, like other big securities firms on Wall Street, is not having a particularly great 1994, at least when compared with the industry's record-breaking results of last year.

In the February-to-April reporting period, its profits fell 41 per cent to \$189m as global financial markets were made suddenly unfavourable by an unexpected surge in US interest rates early in the year.

Unlike every other firm on Wall Street, however, Morgan Stanley is pursuing an ambitious hiring strategy, in spite of the disturbing downturn in business.

Last year, its payroll jumped by 11 per cent to 8,273, and it is expected to reach 9,300 by the end of this year. A good deal of the hiring has been concentrated in overseas operations, and in investment banking, where staffing is due to climb from 800 to 930 before the end of 1994.

The hiring strategy at Morgan Stanley, one of the most aggressive seen on Wall Street in a long time, is remarkable because it runs counter to traditional Wall Street thinking, that payrolls should be trimmed, or at least frozen, when market conditions are unfavourable and profits are falling.

"We are going to use this difficult period to invest in the business, and not figure out a way to cut back," says Mr Dick Fisher, Morgan

Stanley chairman.

The decision to stick with the hiring plan is predicated on two important assumptions: that the current downturn in market conditions is only temporary and the best prospects for Wall Street firms lie overseas, particularly in investment banking.

Although the latter assumption is widely held within the industry, Morgan Stanley is taking something of a gamble in predicting a recovery in securities markets. Mr Fisher, admitting that many on Wall Street view the situation differently, says: "We think that the current period of correction is an interruption of a very positive trend, not the end of the cycle."

While this optimistic view is clearly an important factor behind the hiring spree, there is another side to the story. The firm has been bringing in new people to its investment banking division partly because it needed to fill the holes which opened up when a string of top bankers followed the former president Mr Robert Greenhill out of the door last year. He defected to rival securities house Smith Barney Shearson.

The departure of Mr Greenhill - who left Morgan Stanley after 31 years when he was overtaken by the current president Mr John Mack in the race to succeed Mr Fisher as chairman when he retires - was a big blow to the firm.

Having made his name dur-



Dick Fisher: especially bullish about the firm's M&amp;A business

ing the 1980s as one of the top mergers and acquisition bankers on Wall Street, Mr Greenhill enjoyed close working relationships with some of the biggest corporations in the US.

His ties with the entertainment group Viacom, for example, ensured it was Smith Barney, not Morgan Stanley, which played a pivotal (and highly lucrative) advisory role in Viacom's \$100m merger with Paramount Communications earlier this year.

The impact on the firm of Mr Greenhill's loss last June was exacerbated by the defection soon after of more than a dozen other Morgan Stanley bankers, many of whom joined Mr Greenhill at Smith Barney, whose invest-

ment banking unit has begun to gain ground on its rivals. The defections came at a particularly bad time for Morgan Stanley, because they fuelled the perception that the firm's investment banking powers, which have been waning for several years, were in permanent decline.

The firm dominated the rest of Wall Street in the late 1970s and early 1980s - consistently ranking first in the industry with a near-20 per cent share of the US stock and bond underwriting market - but it now sits well back in the pack, ranking seventh among underwriters last year with a market share of only 6.4 per cent.

While Mr Fisher insists the loss of Mr Greenhill and others from the investment banking

division was not a serious blow to the firm, he is unhappy with the steady decline in Morgan Stanley's share of the domestic underwriting market since the mid-1980s.

"We're not where we want to be and are taking steps to address that," he says, steps that have involved reorganizing the investment banking department's top management, and hiring fresh talent in the US and overseas.

The firm's most notable newcomer is the former First Boston and Wasserstein Perella M&A wizard, Mr Joseph Perella, who arrived at Morgan Stanley last summer with a fistful of blue-chip corporate clients.

Mr Fisher says the infusion of new investment banking blood has begun to pay off at home and abroad. "Five of the six largest equity deals this year have been lead managed by Morgan Stanley, and we've seen a significant uptick in European business."

With people like Mr Perella on board, Mr Fisher is especially bullish about the firm's M&A business. The current M&A assignment load is, he says, the heaviest in three-and-a-half years, and he sees great opportunities in particular sectors, notably healthcare.

"There is absolutely no doubt in our minds that we are in the very early stages of a major restructuring of healthcare, where you will see very large transactions."

Morgan Stanley's chairman,

however, is keen to ensure the firm does not repeat the mistakes of the 1980s, when, in its enthusiasm for deal-making, it neglected the underwriting side of the business.

There is no question that we went through a period from 1986 to 1989 where we were paying too much attention to strategic work - M&A and that kind of thing - and not enough attention to [customers'] capital needs. We identified that problem in 1989, and have been correcting it."

Part of the correction has involved a rapid build-up in derivatives capabilities, and further expansion into foreign capital markets.

With new offices in Shanghai and Bombay, Mr Fisher says the firm is always on the lookout for opportunities in emerging markets. "We are finding, regularly, locations where we can put in place something more than a listening post."

The overseas expansion is paying off last year just under 50 per cent of the firm's \$9.2bn in revenues were generated overseas.

If the current rate of growth is continued, with more traders and bankers hired for non-US operations, it will not be long before more than half of Morgan Stanley's revenues come from overseas. In an increasingly global financial world, it appears nothing would please Mr Fisher more.

## AT&amp;T in video conferencing link

By Patrick Harverson  
in New York

AT&T, the US telecommunications group, has formed an alliance with a group of leading US software and computer equipment companies to deliver a new video conferencing network product to business customers.

AT&T said its WorldWorx Solutions product would allow business users worldwide to see and work with each other on their desktop computers while sharing files and data.

The group said the companies - IBM, Apple Computer, Lotus Development, Novell,

Xerox, Sun Microsystems, PictureTel and VideoServer - had agreed to allow WorldWorx users to make conferencing calls on their equipment.

Video conferencing is one of the fastest-growing areas of the business-to-business telecommunications market, and international companies are competing to provide users with products that incorporate the latest in communications and computer technology.

The product is a development of a service launched last year that allowed video and data calls from one desktop unit to another, but not among people with equipment from

different computer, software and camera vendors.

Mr Alex Mandl, chief executive of AT&T communications services, said customers liked the original video conferencing product, but wanted to be able to call more than one person without worrying about compatible hardware. Explaining how the WorldWorx Solutions works for those using the video conference network, Mr Mandl said: "During a conversation, I can call up a file on my desktop computer, show it to several colleagues, allow them to edit it if I want to, and then just click on a single button to give them the file."

## Fresh evidence on US drug

By Daniel Green

Clinical trials results for Anril, a US septic shock drug, say it is effective in many cases, contradicting evidence published last year which led to a collapse in the share price of its Colorado manufacturer Synergen.

The research, published in the *Journal of the American Medical Association*, says Anril helps very ill patients live longer.

The company's market capitalisation fell from \$1.5bn to less than \$400m on the news early last year.

## Citibank applies for full Mexican licence

By Richard Waters  
in New York

Citibank, part of the US banking group, is the first foreign bank to apply for a licence to operate as a full-service financial institution in Mexico.

Under the North American Free Trade Agreement, ratified last year, US banks are permitted to carry out a wide range of activities in Mexico under the auspices of a locally-incorporated holding company.

Citibank said it had applied to create a holding company in

Mexico with minimum capital of 1bn pesos (\$266m), making it the first foreign bank to take this step. It plans to develop securities broking and leasing businesses, as well as a banking operation.

Bankers Trust of the US became the latest in a long line of international banks to open representative offices in Beijing, writes Tony Walker in Beijing.

A bank representative said the new office move represented Bankers Trust's commitment to China and to Asia.

## FRAMATOME

- No. 1 nuclear power plant vendor in the world
- No. 1 nuclear fuel manufacturer in the world
- No. 1 in Europe and No. 3 worldwide in connector manufacturing

Throughout the world, Framatome employees are displaying their talents. With commitment, they overcome technological challenges to bring your projects to life.

Net income after minority interests was FF 863 million. Its decrease compared to 1992 (FF 950 million) is explained by the following:

- in the connector field, the drastic worldwide decline of orders in the military and civil aviation industries,
- at Jeumont Industrie, the implementation of a necessary industrial restructuring plan has been costly, particularly in the electro-mechanical sector.

In addition, Framatome Connectors International (FCI) has been reorganized throughout the world into divisions, and the resulting profit is only starting to be felt in 1994.

Industrial investment and rationalization efforts undertaken in certain businesses in 1993 continue to bear fruit. They have already produced a significant recovery in results during the first quarter of 1994, particularly in the connector field.

### GOOD RESULTS IN 1993

In 1993, Framatome's revenue reached FF 17 billion, versus FF 12.7 billion in 1992.

This increase of slightly over 33% is mainly attributed to revenue from recently acquired subsidiaries:

- the revenue of fuel manufacturing companies acquired in July 1992 were recorded for the full year,
- the acquisition of Jeumont Industrie in 1993
- in the connector field, Daut + Rietz and Connectors Pontarlier were also acquired this past year.

The increase is also due to the invoicing of non-recurring contracts: the fuel transfer station and related systems for Superphenix (Framatome) and the European Transonic Windtunnel (ETW) test section, designed to simulate the flight conditions of large European commercial aircraft (NFM).

At the close of the 1993 financial year, the order book reached the same level as at year-end 1992. In the nuclear sector, it comprised four nuclear reactors in France and two nuclear islands in the People's Republic of China (Daya Bay). The first Daya Bay unit started commercial operation in February 1994 and the second, in May, to the entire satisfaction of our customer.


At the beginning of 1994, Framatome submitted an offer to the Taiwan Power Company (TPC) for the supply of two nuclear islands for the fourth Taiwanese nuclear power plant.

The acquisitions made or consolidated in 1993 are in line with the Group's strategic objectives that have been in effect for almost 10 years. The 1993 takeover of Jeumont Industrie, which manufactures reactor coolant pumps and control rod drive mechanisms, rounds out our expertise in the nuclear sector. The acquisition at the end of 1992 of Daut + Rietz (automotive) and in April 1993 of Connectors Pontarlier (telecommunications) strengthens FCI's potential in these two burgeoning sectors.

I - OPERATIONS	1993	1992
Consolidated revenue (in millions of FF)	17,011	12,668
Nuclear share	10,358 60.9%	8,009 63.2%

II - NET INCOME AND DISTRIBUTION	1993	1992
Corporate share of net income (in millions of FF)	863	950
% of revenue	5.1%	7.5%
Number of shares outstanding	10,200,000	10,200,000
Corporate share of net income per share (in FF)	81.6	93.1
Proposed dividend per share (in FF)	39.00	46.50



## FRAMATOME

## INTERNATIONAL COMPANIES AND FINANCE

## An unsentimental view of Hong Kong's future

Wheelock's Mr Woo has a clear view on the way the colony is to survive, writes Simon Holberton

For a man whose personal wealth has fallen in value by almost US\$1bn this year, Mr Peter Woo, chairman of Wheelock, the large Hong-Kong based conglomerate, is remarkably confident.

"It's all paper stuff," he says. "You can't look at the share market and say: 'this is reality'. It's your business, it's your network, it's your markets: these can't be simply reflected on any one day in terms of what the market perceives."

Mr Woo's insouciance in the face of a near 30 per cent fall in the Hong Kong stock market since the beginning of this year (and a 22.5 per cent fall in the price of shares in Wheelock) may be in part due to his ownership of almost 60 per cent of the company leaving him feeling impervious to hostile takeovers.

But the language he uses to display his lack of concern underlines an attitude to business which Asian businessmen such as Mr Woo, moving between the Chinese and the Anglo-Saxon worlds, are beginning to exemplify.

Sporting a Columbia University MBA, Mr Woo, 49, is as comfortable with the latest western management concepts and practices as he is with the observance of traditional Confucian values.

He is one of the handful of businessmen in Hong Kong whose commitment to the colony after its reversion to Chinese sovereignty in 1997 is crucial to its long-term success. His group, which has a combined market value of more than HK\$100bn (US\$12.9bn), not only owns some of the enduring symbols of Hong Kong - such as the Star Ferry, and the Peak Tram - but is a large developer of residential and commercial property and has sizeable interests in the colony's infrastructure and container port.

Last month Wheelock made its first step into the financial services industry by announcing a US\$100m joint venture with National Westminster Bank of the UK, to form Wheelock NatWest, a merchant bank.

Two months earlier Wheelock teamed up with Mr Richard Branson's Virgin group to bring Virgin's music stores to Hong Kong and China, swapping its control of retail shopping space for Virgin's share in mass marketing music.

Both the NatWest and Virgin tie-ups fit neatly into Mr Woo's strategy for Wheelock: that it should link up with foreign companies which have expertise or products it lacks. But both deals look small compared with the main challenge Mr Woo has set himself - to



Peter Woo: insouciant in the face of a near 30 per cent share fall

establish a substantial presence on the China mainland. Two years ago Mr Woo caught investors' attention when he sketched an idea of how to exploit the position of Wuhan, the capital of Hubei province situated on the Yangtze river.

His idea was to build a big container port on the river, with road and rail links to Shanghai and Hong Kong, and industrial and commercial parks.

Ever since the late 19th century Wuhan has been touted as the Chicago of China. Like much of China, then and now, the city was seen to have enormous potential. But Mr Woo is finding some difficulties with his vision. Although a number of feasibility studies have been finished, his grand design for Wuhan has progressed at a slower pace than he would have liked.

"They [China's central government] have resource limitations themselves. In terms of their own development plans they have their own priorities and developing Wuhan was not in their five-year plan," he says.

"If there is no outside party from Hong Kong to kick-start these projects then they will take much longer to happen."

he says. "Bureaucratic politics is extremely intense between cities and provinces, ministries, and across ministries. It's almost like if the idea is from another bureaucracy it must be a bad idea to start off with. So they're usually not very receptive to somebody else's idea, but if it's from the outside then at least you can get to talk about it."

Mr Woo says it is the quality of the proposal which determines success or failure. "I think one should be clear that legitimate business is done wherever your deal and proposal stands on its own. I mean, you might have one or two small deals where people allow you to do things, but you cannot look at that as a way of business."

Any conversation with a Hong Kong tycoon invariably leads to the colony's future and the Sino-British row over its political development. While most of his peers shy away from comment, Mr Woo does not. His reaction to the row is practical and unadorned.

"There was an idea about how nice it would be to pass through 1997 without any changes. Well that's not going to happen, something seems to have gone wrong. Is this something we can live with, or is it something which suggests the sky is going to fall in? Well, evidence of the sky falling in is

not very strong. We have a large engagement here and we must look ahead, we must look through this."

Mr Woo thinks Britain is wasting its time fighting with China so close to the change in sovereignty. "I believe they [the Chinese] are sincere about civil rights, but they will not allow political rights whereby one political party can get 31 seats to control Hong Kong's legislature," he says.

The greater right for Hong Kong's 6m people is not elective democracy but the freedom to leave the colony when they want. "Article 31 of the Basic Law [China's constitution for Hong Kong] says that everyone in Hong Kong has freedom of movement. That is a very important policy. If you take that clause away no matter if you have democracy here or not it will not work."

Mr Woo also has an unsentimental view of Hong Kong's future. For him there is only one way for colonial Hong Kong to survive. "We have to make sure that we enhance our own value and we have to do it in a way that is not very threatening to anybody who works with us. It is the enhancement of our value that will put us in a good position to extend the lease for another 50 years."

## ORDINARY INFORMATION CAN OFTEN GET TO YOU RATHER TOO LATE.

This is the age of information. The trouble is there has never been so much of it about - which makes it harder than ever to find key company information that's relevant and to the point.

McCarthy Information is your vital network - providing comprehensive information on the companies and industries that interest you. Every day, we gather and store the information from the world's top 70 business publications. You can access just what you need - by company, industry, country or market. Hard fact - and industry rumour.

Whether you access it on CD-ROM, online or from hard copy, you will enjoy the benefits of McCarthy's comprehensive service. And be garlanded with roses rather than wreaths.

Don't be a don't know...

...contact McCarthy

Complete this coupon and send it to: Michael Ridgeley, McCarthy Information, P.O. Box 12, Sunbury, Middlesex TW16 7UD. Telephone: 0932 761444. Please send me details of McCarthy Information Services.

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
Country \_\_\_\_\_  
Telephone \_\_\_\_\_

**McCarthy Information Services**  
COMPANY INFORMATION TO ACT ON

## Foodland offer faces probe

By Nikki Tait in Sydney

The Trade Practices Commission, Australia's competition watchdog, expects to "look very closely" at the \$550m (US\$365m) break-up bid launched on Wednesday for Foodland Associated, the Perth-based retail and wholesale group.

The bidder, Rank Commercial, a privately-owned New Zealand company, intends to divide and sell on Foodland's assets if the offer gains 75 per cent acceptance.

Its NZ interests would be sold to Whitcoulls, a stationery and bookshop group, while its Australian assets would pass to Coles Myer, one of Australia's biggest retailers.

Mr Alan Fels, TPC chairman, said a major area of concern was that Coles might find it easier to raise prices if it took control of Foodland's Australian assets. It would move to a very strong position in West Australian grocery retailing and already has non-controlling interests in independent wholesalers in other states.

However, the bidding group, which met TPC officials yesterday, said it had no reason to think the commission would block the bid, which is being contested by Foodland.

TPC concerns, meanwhile, failed to halt a 76 per cent rise in the Foodland share price, to \$5.51, well in excess of the \$3.27 a share bid price. Broken Hill Proprietary, the

Australian resources group, has filed its defence documents in the \$450n environmental lawsuit brought against it by some 6,000 villagers living around the Ok Tedi copper mine in Papua New Guinea, which BHP manages. It said its defence overall did not vary from its previous position: that Ok Tedi operates in compliance with PNG law and with the support of its government.

● Foster's Brewing, the Australian brewer, has extended its licensed production and distribution agreement with Germany's Holsten Breweries to a national basis. It claimed the arrangements should allow it to become the top-selling foreign beer in Germany. It is currently in the number two spot.

## Ahold group report 14.7% profits rise

By Ronald van de Krol in Amsterdam

Ahold, the Dutch-based international food retailing group, reported a 14.7 per cent increase in first-quarter net profit, slightly below the 15.4 per cent rise in the fourth quarter but higher than the 12.5 per cent gain posted in 1993 as a whole.

Net profit rose to F110.3m (\$59.8m) from F96.2m in the first quarter of 1993, on sales up 7.8 per cent at F1.86bn.

Operating results in the Netherlands rose by 8.3 per cent to F190.4m. Operating profit in the US was up nearly 5 per cent at \$50.5m.

## Fokus Bank property arm under investigation

By Karen Fosell in Oslo

Fokus Elendom, the property arm of Fokus Bank, Norway's third-largest commercial bank, is to be investigated following alleged irregularities connected with property disposals.

The transaction has already forced the resignation of Mr Leif Kleven, the bank's managing director and chairman of Fokus Elendom. Mr Stein Overland, Fokus Elendom's chief executive, is expected to shortly step down.

Under Mr Kleven and Mr Overland, Fokus carried out 250 property disposals with an estimated value of Nkr1bn

(\$138.8m), since January 1992, including the alleged sale of a stake in a shopping centre.

Norway's banking, insurance and securities commission, the finance industry watchdog, has launched an investigation into Fokus and its property arm.

Fokus Bank itself plans an internal audit of the property unit. The bank said the purpose of its investigation was to "uncover eventual irregularities of transactions and to evaluate Fokus Elendom's routines for the purchase and sale of property".

The group is to submit its findings on June 27. The final report will be handed to the board in August.



Società Italiana per l'Esercizio delle Telecomunicazioni p.a.

Registered Office in Turin  
Share Capital Lire 6,177,728,058,000 fully paid-up  
Registered at the Court of Turin N. 131/17 Register of Companies  
Fiscal Code N. 00580600013

## NOTICE TO SHAREHOLDERS

Merger for the incorporation into SIP of Iritel, Italcable, SIRM and Telespazio

Method, terms and conditions for the exercise of the withdrawal right following the modification of Art. 4 (Object) of Company by laws.

Notice is hereby given that on 6th June 1994 the resolutions of the SIP Extraordinary Shareholders' Meeting of 19th May 1994 were registered at the Court of Turin, no. 34131 of the Order Register.

Therefore, in application of Art. 2437 of the civil code, SIP Shareholders who did not participate in the Meeting and who intend to exercise the right of withdrawal must send the withdrawal statement by registered post to:

SIP - Società Italiana per l'Esercizio delle Telecomunicazioni p.a.

Sede Legale - Direzione Generale

Amministrazione - Tesoreria e Gestione Crediti

Rapporti con l'Aziendato

Via San Dalmazzo, 15 - 10122 Turin

The withdrawal statements must be sent no later than 21st June 1994 (the postmark will be proof). The Company will accept the withdrawal statements sent according to the above terms, as long as they arrive by and no later than the further deadline of five days, that is 27th June 1994. Due to the limited time the withdrawal statement can be sent in advance by fax (011-5515555) with successive confirmation by registered post.

The withdrawal statements must include personal details, fiscal code, address and telephone number of the withdrawing Shareholder, indication as to the number of shares to be withdrawn, identification number of share certificates, as well as indication of the Depository if the shares are in custody. Furthermore, and pursuant to the above, the declarant will have to send, together with the above mentioned statement, or if this is not possible, by 8th July 1994, adequate proof of being a Shareholder prior to 19th May 1994.

In particular:

- for the shares not issued in centralised management through Monte Titoli S.p.A. the representative certificates of the shares will have to be deposited at the Company (registered office in Turin, Via San Dalmazzo, 15 or secondary office in Rome, Via Flaminia, 139) and at the same time it must be shown that their transfer to the withdrawing Shareholder was executed prior to 19th May 1994; this proof will be supplied: for registered shares - ordinary and savings - with certificates showing the registration or endorsement to the withdrawing Shareholder before 19th May 1994, and for bearer savings shares through purchase confirmation (or equivalent document) dated prior to 19th May 1994;

- for the shares issued in centralised management through Monte Titoli S.p.A., the certificate issued by the Depository in accordance with law no. 289/1998, proving that the ownership of the shares was in force prior to 19th May 1994, will have to be consigned; furthermore, the written notice of the execution of the transfer order from the account of the Depository Monte Titoli S.p.A. to the SIP account, communicated according to normal banking procedure and delivered to SIP within the above deadline of 8th July 1994, will be considered equivalent to the actual delivery of the share certificates to SIP;

- for the shares negotiated in the Stock Exchange and for which, by 18th May 1994, the purchaser had not acquired the transfer, in the case of registered shares, or the delivery, in the case of bearer savings shares, the withdrawal will be possible only if the acquisition in the Stock Exchange can be shown with a document dated prior to 19th May 1994, the delivery of the share certificates still being obligatory.

## Reimbursement

Once the duties concerning the control of the received requests have been carried out, the reimbursement will be proceeded with on the basis of the average of the official daily prices noted in the Stock Exchange during the six months prior to 19th May 1994, and precisely:

Lit. 4,078 for every ordinary share;  
Lit. 3,484 for every savings share;

before tax. It is specified that the amount on which to calculate the said taxes is equal to Lit. 3,122 for every ordinary share and Lit. 2,555 for every savings share. In the cases foreseen by present regulation the prescribed model RAD will be issued.

The amounts due will correspond with the starting date of the change in the company object, which will coincide with the operating date of the civil law aspects of the merger, and that is: the first day of the stock exchange month following the last of the merger registrations according to Art. 2504 of the civil code, or the first day of the calendar month, whichever is earlier.

The reimbursements will be made gradually in relation to the order of receipt of the relative statements, providing that they are complete and regular.

The legal interests, from the date of assumption of the modified resolution of the company (19th May 1994) until the day of the payment of the reimbursements, which will be made public with the appropriate notice, will be recognised on the amount of the reimbursements, according to the CONSOB provisions.

Rome, 6th June 1994

The President and Managing Director  
(Ernesto Pascale)



GRUPPO IRI



LMS

Annual Results  
Year ended 31 March 1994

Net rental income record £90 million (1993 - £29.5 million)

Profit for the year £20.8 million (1993 - £16.8 million)

Portfolio valuation £380 million (1993 - £321 million)

Shareholders' funds £319 million (1993 - £258 million)

Earnings per Ordinary share 8.59p (1993 - 7p)

Dividends per Ordinary share 4.2p (1993 - 4p)

- ☐ Increase in tenant interest with lettings being established on improving terms
- ☐ Group's balance sheet exceptionally strong with cash and listed securities totalling £190 million
- ☐ Net borrowings at 22% of shareholders' funds
- ☐ Net interest covered 2.6 times by net rental income

Report and Accounts available from the Secretary  
LONDON MERCHANT SECURITIES plc  
CARLTON HOUSE, 35 ROBERT ADAM STREET, LONDON W1M 5AH

## Singer &amp; Friedlander Investment Funds.

Performance-orientated, competitively priced investment funds managed by top quality managers.

For further details call 071 - 626 6226

The Singer & Friedlander Investment Funds Ltd., Prospectus, KESSES, London, EC8N 2SF  
Please send me further information on the following fund(s) please tick:

- ☐ UK Growth ☐ European Growth ☐ Sectoral (Japan) ☐ Global Bond
- ☐ Tail Plan (Pacific ex-Japan) ☐ American Growth ☐ Asian (Latin America)

Name \_\_\_\_\_  
Address \_\_\_\_\_

Postcode \_\_\_\_\_  
Singer & Friedlander Investment Funds

The value of shares and the income from them may fall as well as rise and investors may not get back the amount originally invested. Past performance is not necessarily a guide to the future. Charges in respect of the fund are set out in the prospectus. The value of shares and the income from them may fall as well as rise and investors may not get back the amount originally invested. Past performance is not necessarily a guide to the future. Charges in respect of the fund are set out in the prospectus.

## Dublin opening for Finex Europe

be added later.

to dispel the sense of confusion reigning in the debt markets. Recent data, taken as a whole, has not painted a convincing picture, either favourable or unfavourable, to lead bonds out of their current trading range.

The same was true of the monthly survey of business conditions issued by the Federal Reserve Bank of Philadelphia later in the morning. But the mixed signals it conveyed were at least enough to trigger a reversal in the market's trend down decline.

The shift came with the 30-year issue approaching the 7.50 per cent level, a critical level of support. Traders apparently seized on a big drop in the Philadelphia survey's current employment index as an excuse to begin buying again. By early afternoon, bonds

Borrower	Amount m	Coupon %	Price	Maturity	Yield %	Spread bp	Bank runner
US DOLLARS							
Kingdom of Belgium	500	7.00	99.798F	Jul.1999	0.25F	+24 (Wt 5yr)	UBS
GE Bankcorp	300	(a)	98.828B	Jul.1997	0.1875F	-	Morgan Stanley Inc.
Guangdong Enterprises Ltd	150	(b)	100.00R	Jan.1999	0.35R	-	Citibank Korea/Industrial Bank of Korea
Green Stubbent	100R	(a)	100.00R	Jul.2004	0.75R	-	Chemical Bank
PA Insurance	100	(a)	(b)R	Jul.1999	1.00R	(c) (Wt 5yr)	Merrill Lynch International
Central Costamare	60	(a)	100.00R	Jun.1997	0.75R	-	Chase Investment Bank

[illegible]

offering, which is scheduled to be launched next Wednesday. Joint lead managers J.P. Morgan and Merrill Lynch

FPA-ACTUARIES FIXED INTEREST INDICES					
Price indices UK Gilt	Thur Jun 16	Day's change %	Wed Jun 15	Accrued interest	net adj. yld
2 Up to 5 years (24)	120.96	-0.48	121.55	1.00	5.47 8
5-15 years (22)	138.73	-0.91	140.01	1.74	5.42 8
Over 15 years (6)	152.57	-1.00	157.16	2.26	5.40 8
AR Short 15 yrs (6)	175.19	-0.92	176.64	1.82	6.38 8
AR Short 10 yrs (6)	198.78	-0.78	197.68	1.84	5.85 8

Index-linked	1987-90	1991-93	1994-96	1997-99	2000-02
Up to 5 years (2)	185.75	-0.16	186.05	1.04	2.53
Over 5 years (11)	171.59	-0.79	172.94	0.87	2.30
All stocks (13)	172.17	-0.72	173.42	0.88	2.31

<b>Deposits and Loans</b>					
	<b>\$ Bn</b>	<b>% Chg.</b>	<b>\$ Bn</b>	<b>% Chg.</b>	<b>\$ Bn</b>
Deposits	128.60	-0.82	127.98	2.35	5.27
Loans	128.60	-0.82	127.98	2.35	5.27

Average gross redemption yields are shown above. Coupon Ranges: Low: 0%-7.75%; Medium: 8%-10%.

### **FT FIXED INTEREST INDICES**

	June 10	June 15	June 14	June 13	June 19	Yr ago	High*	Low*
Expt. Secs. (UNQ)	91.80	92.38	91.96	91.98	92.92	95.85	107.04	91.04
Fixed Interest	108.73	109.12	108.82	108.39	110.27	112.47	133.87	106.82

\* for 1994. Government Securities high since compilation; 127.40 (8/1/93), low 49.18 (3/1/73). Fixed Int 20 and Fixed Interest 1928. SE activity indices released 1974

**FT/ISMA INTERNATIONAL BOND SERVICE**

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices are given in U.S. dollars.

	Issued	Std	Offer	Chg.	Yield	Price
<b>U.S. DOLLAR STRAIGHTS</b>						
						United Kingdom 7 1/2 87

Italy 1000	92%	92%	7.73	Volkswagen Jetta 7.03
Albania Province 75 99	1000	198	7.06	World Bank 0 10
Austria 65 03	400	102%	7.18	World Bank 54 00
Bank of Tokyo 84 98	70	103%	6.67	World Bank 54 00
Belgium 54 03	1000	86%	7.82	
Environ 74 97	1500	102%	6.59	SWISS FRANC STRAIGHTS
British Gas 0 21	1500	10%	8.44	Asian Dev Bank 0 10
Chrysler 9 98	2000	104%	6.09	Audi 44 98

Chang Kong Pn 5 1/2 S	300	90%	01%	1.20	Couzel Europa 4 1/2 S
China 0 2 0	1000	87%	08%	8.85	Denmark 4 1/2 S
Couzel Europa 0 S	186	105%	103%	0.51	Est 6 1/2 0
Credit Fonder 0 1/2 S	300	90%	109%	7.09	Est de France 7 1/2 S
Denmark 0 1/2 S	1000	90%	97%	7.72	Finland 7 1/2 S
East Japan Railway 0 1/2 0	300	92%	92%	6.72	Helsinki Motor Pn 0 1/2 S
East Japan Railway 0 1/2 S	553	93%	104%	6.47	India 7 1/2 S
				6.4	

[illegible][illegible]

Kentucky Derby 9:59	350	106	106%	1-2	6.32	Norway 5-6 1/2	3
Kentucky Derby 10:00	1350					SNOC 6-4 00	15
LTOS Fin 9:57	200	102%	102%	1-2	7.04	Spain 5-4 98	12
Metastable E 7-4 98	1000	97%	97%	1-2	7.29	Sweden 6-4 98	15
Nippon Cred 8-18% 85	150	104%	104%	1-2	8.22	World Bank 5-4 00	25
Norway 7-4 87	1000	101%	102	1-2	6.64		
Ontario 7-4 03	3000	97%	86	1-2	7.85	OTHER STRAIGHTS	
Outer Mongolia 6-2 01	200	105%	106	1-2	7.37	Adopt 7-4 85 LP	

Pero-Canada 74 98	300	101%	102%	6.38	Guaranteee Lux 94 99 LP
Portugal 54 98	1000	87%	87%	7.77	World Bond 0 98 LP
Quebec Hydro 84 98	200	105%	105%	7.38	Bank Vulc Med Gen 75 00 FI
Quebec Power 0 98	200	105%	105%	7.17	Energy Bonds 84 98 FI
Saskatchewan 94 98	150	105	105%	6.57	Alberta Power 105 98 CS
SBS 10 98	200	108%	107%	6.16	Bell Canada 107 98 CS
SNCF 94 98	180	105%	105%	7.00	British Columbia 10 98 CS
			105%	7.04	CRJ 94 98 CS

[illegible]

World Bank G's 89	1992	106%	108%	-2%	7.03
World Bank G's 87	1990	105%	109%	-4%	6.45
<b>DEUTSCHE MARK STRAIGHTS</b>					
Kuente G's 94	2000	83%	83%	-2%	6.00
Credit Foncier 74 85	2000	85%	88%	-3%	7.50
Denmark G's 86	2000	86%	86%	-	8.50
Qatar 10 87	1990	87%	87%	-	7.50
Paris del Str 10% 89 Str	1990	87%	88%	-1%	7.50
Italy 10% 00 Oct	1990	87%	87%	-	7.50

Deutsche France 6½ 98	1500	93%	93%	7.92	Spain 9 98 EU
Deutsche Bk Fin 7½ 98	2000	100%	101%	7.35	United Kingdom 9½ 01 EU
EEC 6½ 02	2000	98%	98%	8.02	AIGC 10 00 AS
ESB 6½ 08	1800	97%	97%	8.85	BP America 12½ 98 AS
Finland 7½ 08	2000	101%	101%	7.13	Corona Bk Australia 13½ 98 AS
Italy 7½ 08	6000	101½	101½	6.78	ESB 7½ 00 AS
UKB Region-Warrent 6½ 98	2250	99%	99%	7.77	McDonalds Canada 15 05 AS
				6.49	MSB Insurance 7mm 0.20 AS

Country	Yield	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396
---------	-------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------

© The Financial Times Ltd, 1994. Reproduction in whole or in part in any form not permitted without written permission.

Figure 1. The effect of the concentration of the *Agrobacterium* suspension on the transformation efficiency of *Agrobacterium* strains. The *Agrobacterium* strains were grown in the YEA medium for 24 h at 28°C. The cell concentration of the strains was adjusted to 10<sup>8</sup> cells/ml. The cell suspension was mixed with the plant tissue and incubated for 24 h at 28°C. The plant tissue was then cultured on the selective medium. The transformation efficiency was determined as the number of transformants per 100 mg of plant tissue. The data are the mean ± SD of three independent experiments.

## COMPANY NEWS: UK

## Hardware side moves into Europe with £25.8m castors purchase Materials handling boosts FKI

By David Blackwell

FKI, the electrical engineering and electronic components group, yesterday announced a 38 per cent rise in profits and the acquisition of Rhombus, a German castor manufacturer, for £25.8m.

Pre-tax profits increased from £38m to £52.3m. Turnover advanced 5 per cent, from £756.1m to £794.5m, including a contribution of £48.8m from acquisitions. Mr Bob Beeston, chief executive, said the group had done everything it had set out to do during the year, raising margins on steady turnover.

Nevertheless, the share price closed 94p down at 163 1/2p. Rhombus is being acquired from Albert Schulte Schma for £5.4m cash and the assumption of £20.4m of debt. Mr Beeston said it would take FKI's hardware division into Europe for the first time, complementing Faultless Caster which is the market leader in North America with a 21 per cent share. The German company has 15 per cent of the European market, with a modern factory in Wermelskirchen and another in Malaysia. Customers include makers of shopping trolleys, hospital beds, and home and office furniture. It is not expected to make a contribution to FKI's profits



Bob Beeston, left and Eric Bowers: did everything they set out to do during the year, raising margins on steady turnover

until next year. FKI operates through five divisions - hardware, materials handling, automotive, engineering and process control. Profits increased in all five, with materials handling the outstanding performer. Profits in the division rose from £8.5m to £17.5m on turnover of £176.5m (£173.8m).

Both the materials handling and the automotive divisions

benefited from the improvement in the US automotive sector. The automotive division lifted profits from £2.4m to £4.6m on turnover of £171.7m (£162.4m).

The hardware division made profits of £20.3m (£16.1m) on sales of £172.1m (£132.6m), helped by the £98.5m acquisition of Truth, the US manufacturer of hinges, operating and locking mechanisms for win-

dows and doors, last November.

Engineering profits edged ahead to £10.7m (£10.5m) on turnover of £97.8m (£100.8m), while process control profits were £7.3m (£5.2m) on sales of £176.2m (£151.4m).

Mr Eric Bowers, finance director, said that margins had improved from 5.9 per cent to 7.6 per cent, with margins of 8.7 per cent in the second half. Gearing was 50 per cent at the end of the year, but would reach 60 per cent with the acquisition of Rhombus.

Earnings per share rose from 6.2p to 8.25p. A final dividend of 2.2p is proposed, giving a total for the year of 3.7p (3p).

### COMMENT

The constant emphasis on margins and the reluctance to push for revenue growth at any price has certainly paid dividends. It has to be asked whether the rate of growth can be maintained. However, this year Truth should kick in strongly, and the following year the latest acquisition will be adding to the bottom line. Pre-tax profits of £58m this year give a prospective multiple of 16. It looks as though high expectations of the current management have been fully reflected in the share price, and yesterday saw some profit taking.

## Tax credit and lower minorities aid LMS

By Vanessa Houlder, Property Correspondent

London Merchant Securities, the property and investment company, suffered a 20 per cent fall in profits at the pre-tax level in the year to March 31 from £27.8m to £22.3m.

However, a tax credit of £589,000 (£2.55m charge) and a £500,000 reduction in minority interests to £2.05m resulted in a net profit of £20.8m, up 24 per cent from £16.8m last time.

Shareholders' funds were 24 per cent higher at £316.5m (£258.2m), excluding the £58m by which the market value of listed investments exceeded the balance sheet figures.

The company's properties increased in value by 18 per cent to £378.8m, adjusted for sales and acquisitions.

Lord Bayne, chairman, said that there was a "perspective" increase in tenant interest. "Although this fragile recovery appears to be progressing, creative investment possibilities with significant growth potential remain rare, but efforts continue to be focused on identifying suitable opportunities," he said.

LMS said a number of unusual sales had contributed to the results.

Gains from property disposals and venture capital investments, together with the release of prior years' provisions for corporation tax, more than offset the £2.7m negative effect of ceasing to treat First Leisure Corporation as an associated undertaking; the non-recurrence of the British Sky Broadcasting Holdings guarantee fee received in 1993 (£2.8m); and the fall in interest income from the group's cash resources of £2.7m.

The associated undertakings, which last time produced an attributable pre-tax profit of £4.43m, had incurred a pre-tax loss of £683,000. The main reason was the change in treatment of First Leisure Corporation because LMS's holding fell below 15 per cent.

Cullen's Holdings, in which LMS has a 26.5 per cent stake, suffered a loss of £158,000 (£102,000 profit). Golden Rose Communications, in which it has a 40.5 per cent stake, incurred an increased loss of £473m (£349m).

US venture capital investments produced gains of £4m, despite the varying fortunes of the individual enterprises.

Net rental income from investment property increased from £29.5m to £30m. LMS made a net gain on property disposals of £8.5m in 1994, compared with £2.4m.

Cash and listed securities totalled £190m on March 31; net borrowings amounted to £70.7m, making gearing 22 per cent of shareholders' funds.

LMS has completed its Strathkelvin Retail Park in Scotland. It has started a retail development in California for a 25,000 sq ft store near San Francisco.

Earnings per share increased from 7p to 8.69p. The dividend is increased by 0.5p to 4.5p via a 3.4p final.

## Slough offer for Bredero to fail

By Simon Davies

Slough Estates' privatisation offer for Bredero closed today with few expectations for success. Slough already owns close to 50 per cent of the troubled property developer, but the offer is conditional upon 90 per cent acceptance, and it will not achieve this.

British Land last week acquired 6.8 per cent of the company, and a number of other shareholders, amounting to a total of more than 26 per cent, have indicated that they will not accept.

Slough Estates' privatisation offer for Bredero closed today with few expectations for success. Slough already owns close to 50 per cent of the troubled property developer, but the offer is conditional upon 90 per cent acceptance, and it will not achieve this.

British Land last week acquired 6.8 per cent of the company, and a number of other shareholders, amounting to a total of more than 26 per cent, have indicated that they will not accept.

Slough Estates' privatisation offer for Bredero closed today with few expectations for success. Slough already owns close to 50 per cent of the troubled property developer, but the offer is conditional upon 90 per cent acceptance, and it will not achieve this.

British Land last week acquired 6.8 per cent of the company, and a number of other shareholders, amounting to a total of more than 26 per cent, have indicated that they will not accept.

Slough Estates' privatisation offer for Bredero closed today with few expectations for success. Slough already owns close to 50 per cent of the troubled property developer, but the offer is conditional upon 90 per cent acceptance, and it will not achieve this.

British Land last week acquired 6.8 per cent of the company, and a number of other shareholders, amounting to a total of more than 26 per cent, have indicated that they will not accept.

Slough Estates' privatisation offer for Bredero closed today with few expectations for success. Slough already owns close to 50 per cent of the troubled property developer, but the offer is conditional upon 90 per cent acceptance, and it will not achieve this.

British Land last week acquired 6.8 per cent of the company, and a number of other shareholders, amounting to a total of more than 26 per cent, have indicated that they will not accept.

Slough Estates' privatisation offer for Bredero closed today with few expectations for success. Slough already owns close to 50 per cent of the troubled property developer, but the offer is conditional upon 90 per cent acceptance, and it will not achieve this.

British Land last week acquired 6.8 per cent of the company, and a number of other shareholders, amounting to a total of more than 26 per cent, have indicated that they will not accept.

Slough Estates' privatisation offer for Bredero closed today with few expectations for success. Slough already owns close to 50 per cent of the troubled property developer, but the offer is conditional upon 90 per cent acceptance, and it will not achieve this.

British Land last week acquired 6.8 per cent of the company, and a number of other shareholders, amounting to a total of more than 26 per cent, have indicated that they will not accept.

Slough Estates' privatisation offer for Bredero closed today with few expectations for success. Slough already owns close to 50 per cent of the troubled property developer, but the offer is conditional upon 90 per cent acceptance, and it will not achieve this.

British Land last week acquired 6.8 per cent of the company, and a number of other shareholders, amounting to a total of more than 26 per cent, have indicated that they will not accept.

Slough Estates' privatisation offer for Bredero closed today with few expectations for success. Slough already owns close to 50 per cent of the troubled property developer, but the offer is conditional upon 90 per cent acceptance, and it will not achieve this.

## Acquisitions help AAH advance 13% to £42m

By Peggy Hollinger

Acquisitions and a buoyant drugs market helped AAH, the pharmaceutical distribution group, increase pre-tax profits by 13 per cent to £42m in the year to March 31.

The outcome, struck on sales ahead 14 per cent to £1.5m, were also helped by a net £2m exceptional gain arising from the disposal of the builders' supplies division. The £7.1m profit on disposal was reduced by a £5m charge for rationalising the wholesale drugs business.

Mr Bill Revell, chief executive, said 1993-94 had been a difficult year in spite of the 4 per cent increase in the overall prescription market.

The healthcare division had faced tough competition and an increasing government squeeze on prescription drug prices. Delays in accrediting AAH's computer systems programme for local doctors had

also hit profits. The group had taken steps to improve the efficiency of wholesaling, including reducing distribution outlets and upgrading technology. This programme would be accelerated in the current year, Mr Revell said, and paid for with the £5m restructuring charge.

Operating profits were ahead 13 per cent in the UK wholesaling division to £34.5m. Net margins improved by 0.2 points to 2.3 per cent.

Colin May Roberts, the Irish drugs distribution business, contributed £3.9m in operating profits, against £1.7m last time, in its first full year with AAH.

AAH expanded its retail pharmacy business with the acquisition of 77 outlets for £27m. Operating profits were up 30 per cent at £7.3m on sales almost doubled from £38.9m to £104.5m. Mr Revell said AAH intended to focus on the growing over-the-counter market, in spite of competition from

supermarkets and drug store chains.

The proposed final dividend was 11.9p for a total 2.5 per cent higher at 17.9p.

Earnings per share were up 6 per cent to 34.9p. After adjusting for the exceptional items, earnings fell by 5 per cent to 31.1p.

### COMMENT

This was a year of continuing disappointments for AAH, leading to downward revisions in profits forecasts as the year progressed. AAH met expectations in the end, but investors are likely to remain wary until the latest actions begin to bear fruit. In its favour is the growing demand for drugs and AAH's market position. Forecasts are for £45.5m. The shares, which fell 16p to 449p on the results, are trading on a prospective p/e of about 13 times. AAH appears to be undervalued, but it is too early to say much more.

## Hardy to cut back North Sea drilling programme

By Peggy Hollinger

Hardy Oil & Gas, the independent explorer, yesterday said it was cutting back its North Sea drilling programme as it announced an 18 per cent drop in net profits to £8.3m following UK tax changes.

Mr Douglas Baker, chairman, said priority would be given to the appraisal of funds awaiting development. The decision was taken following the government's decision to eliminate tax shelters for drilling activity at the end of this year.

Mr Baker said Hardy had returned a creditable performance, in spite of weak oil prices. Pre-tax profits had jumped by 58 per cent to £5.2m. North American gas prices had remained strong. About 87 per cent of Hardy's production is comprised of gas.

Mr Baker said the current year would be difficult for the whole industry. He was confident, however, that Hardy would be able to weather the problems associated with weak oil prices. "The group has major developments in hand or

in prospect, spread across a number of countries," he said.

North America, in particular, would show a steady increase in production. Hardy also enjoyed a strong financial position after last year's £28m rights issue and its policy of non-recourse funding for new developments.

Turnover for the year to March 31 rose by 20 per cent to £80.6m. Operating profits were 29 per cent higher at £12.9m. Earnings per share fell by 28 per cent to 7.8p (10.9p) and the dividend is maintained at 1p.

## Enlarged Protean rises 32% and expects further growth

By David Blackwell

Protean, the laboratory equipment and water purification company, lifted pre-tax profits by 32 per cent from £4.08m to £5.38m for the year ending March 31.

Mr Peter Ryan, chairman, said the company had had a good year in spite of recession and tough times, not only in the UK, but in other markets. The return on sales had increased from 12.3 per cent to 13.1 per cent, "and I see no reason why we should not continue to grow".

Turnover rose from £39.6m to £42.2m, including £3.18m from Teche and LJP, two complementary companies acquired in December. The acquisitions also contributed £562,000 to profits, Mr Ryan commented. "So far every acquisition we have made has been successful."

The group now comprises 16 companies operating in four countries. Overseas sales accounted for 61.5 per cent of turnover, up from a previous 48.8 per cent.

The water purification side accounted for 87 per cent of

turnover and 41 per cent of total operating profits of £5.83m. The laboratory water products side did particularly well, gaining market share in spite of market weakness.

Capital expenditure rose from £324,000 to £1.77m, mainly reflecting the £1.75m new factory in Derbyshire for making furnaces and ovens opened last August.

Earnings per share rose from 10.44p to 12.92p. A final dividend of 3.7p (2.85p) is proposed, taking the total for the year to 4.75p (3.55p).

## Rea Brothers shares fall on bonds warning

By Simon Davies

Shares in Rea Brothers, the private banking group, yesterday fell 15p to 62p after the company issued a profits warning, indicating substantial interim losses against the value of its £7m fixed interest securities portfolio.

The company said that its core businesses had recorded profits "in excess of £1m". But given the sharp decline in the price of medium-term bonds, this would be reduced by up to £700,000 of unrealised losses from its bond portfolio.

Kleinwort Benson, the house broker, has reduced its forecast for the year from £2.2m to £1.8m, and interim profits of less than £500,000 (£82,000) are expected.

Nevertheless, Rea maintains a strong balance sheet, with shareholders' funds of £23m, and its banking, corporate finance and fund management businesses continue to show earnings growth.

## From airwaves to across the waves

By David Wighton

It has been a busy and expensive week for Emap. On Monday it announced plans to make a bid for local radio group Trans World Communications which would see it pay about £20m for the 70 per cent it does not already own.

Then yesterday the media and exhibitions group announced it faced a likely bill of over £100m after a shopping spree in France's magazine market.

Emap intends to fund the acquisitions with debt, pushing its gearing to a level that would usually raise City eyebrows.

Although it will take the French magazine titles on to its balance sheet at cost it is unlikely to do so with Trans World's radio licences, which have a fixed term. The resulting goodwill write-off would leave it with gearing of about 100 per cent at the end of March 1995. In August this year, the low point of its cash-flow cycle, the figure will be higher still.

But Mr Neil Blackley, media analyst at Goldman Sachs, said that gearing was "totally irrelevant" for Emap and pointed to likely interest cover of seven times this year.

"This should prove a very good long-term deal for Emap although it will be dilutive this year," said Mr Blackley who has trimmed his current year forecast from £56.5m to £55m.

The main acquisition, Editions Mondes, reported pre-tax profits of £2.4m for 1993 on turnover, after discounts, of about £11m. Its accounts were qualified by the auditors but Emap said this related to goodwill write-offs and unspecified rationalisation costs which were irrelevant to its valuation of the business.

About 40 per cent of turnover comes from Telle Poche, one of France's top five TV listings magazines. It is also strong in the women's, outdoor pursuits and motoring sectors where Emap has similar titles in the UK.

The acquisitions, which together employ some 800 people in Paris, will come under the control of Mr Kevin Hand, chief executive of Emap's consumer magazines division.

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Current dividend	Total for year	Total for year
AAH	11.8p	Oct 3	11.5	17.9	17.3
Adore Printing	1.042p		0.982	1.987	1.892
Alvie	0.5	Oct 3	0.5		0.5
Bradstock	1.0p	Sept 27	1.55		1.5
Brookmount	7.5	Sept 1	5.3	10.5	7.5
Chester Water	170	July 21	150	255	225
Denmore Elect S	2.1	Aug 1	1.9		6.4
FIK	2.2	Aug 4	1.3	3.7	3
Hardy Oil & Gas	1	Aug 4	1		1
Lockor (Thomas)	0.2	July 29	0.65	0.4	1
London Merchant	3.4	Aug 27	3.2	4.2	4
Moorgate Smelter	2.48	July 25	2.48	4.28	4.28
Panna S	3	July 20	7	4	10
Porter Chubburn	nil		0.4		1.25
Protean	3.7p	July 29	2.7	4.75	3.6
RCO	4.95	Sept 26	4.95		15.2
Sedland	0.79p	Sept 7	0.44	1.39	0.6
Smith New Court	87	Aug 27	5	10	8
Southern Water	15.4	Oct 3	14.2	23.1	21.3
Swarco	18.1	Aug 19	15.7	25.8	22.3
Ugland Int	0.74	Oct 3		0.74	

Dividends shown pence per share net except where otherwise stated. \*On increased capital. SUSM stock. \$/psh price.

## Important Results announcement

### Investor Relations Magazine Award Winners 1994

London Hilton on Park Lane  
Tuesday 21 June 1994

The awards are based on a MORI survey of fund managers and analysts who are asked to rate the investor relations activities of the companies they follow

To discover this year's winning companies, book your place now for the annual Investor Relations Magazine Awards Dinner held in association with the FINANCIAL TIMES

For reservations and further information, please call or fax Barnaby Dawe at Investor Relations Magazine  
Tel: +44 (0)71 637 3579 Fax: +44 (0)71 637 3594

Sponsored by:  
Brunswick  
CGI London Ltd  
College Hill  
DAROME Teleconferencing  
Dewe Rogerson  
Edinburgh Financial Publishing  
ERM (Environmental Resources Management)  
FINANCIAL TIMES  
Georgeson & Company  
Investor Relations Society  
London Stock Exchange  
Ludgate  
Salisbury Associates Ltd  
Technometrics  
The Bank of New York  
Virgin Atlantic

in association with the FINANCIAL TIMES





## BUSINESSES FOR SALE

▲ Investment in Germany ▲ Investment in Germany ▲ Investment in Germany ▲

## Market leader

manufacturer of tubular steel towers  
and containers

- ▲ qualified staff
- ▲ modern facilities
- ▲ DM 16 million turnover
- ▲ highly competitive
- ▲ full order book
- ▲ direct access to highway and railroad

## 100% shareholding for sale to financially strong investor

For further information please fax to: +49 30 - 43 90 29 99  
(attention: Mr. Claudio Wieland).

▲ Investment in Germany ▲ Investment in Germany ▲ Investment in Germany ▲

## STATE PROPERTY AGENCY

## TENDER INVITATION

The State Property Agency (1133 Budapest, Pozsonyi út 56.) announces a single-round open tender for the purchase of state owned stocks of FMV Finommechanikai Rt (Precision Engineering Rt. 1106 Budapest, Fehér út 10).

The registered capital of the company is HUF 330,000,000 and the SPA is its 100% owner. The company's capital on 31 December 1994 was HUF 465,961,000 over the registered capital.

Within the frame of the tender invitation a share packet of nominal value HUF 297,000,000 will be sold which represents 90% of the company's share capital. Bids can be submitted exclusively for the offered quantity of shares.

Shares of nominal value HUF 33,000,000 representing 10% of the registered capital were separated for employee ownership with favourable terms.

Competitors are obliged to list shares of nominal value HUF 250,000,000 in the course of capital increase to be carried out in the 4th quarter of 1994.

The stock company's major sphere of activity is: the development, production and sale of professional telecommunication equipment.

Bids are to be submitted to the address given hereunder in a closed envelope without letterhead in three copies in Hungarian language. Foreign competitors can submit their bids in English or in German in addition to the Hungarian copy, but in this case too, the Hungarian is exemplary.

Bids should be handed over in the presence of a Notary Public within the period kept open before the deadline.

The closing date and place for tender to be submitted is:

August 3, 1994 between 12.00 - 14.00 pm

State Property Agency  
1133 Budapest, Pozsonyi út 56.  
8th floor, Room 804.

The following text should be indicated on the envelope in Hungarian:

"Pályázat az FMV Rt-ben lévő állami tulajdon megvásárlására."

(Tender Invitation for the purchase of state owned stocks of FMV Rt.)

The State Property Agency retains the right to deem the offer null and void.

Those submitting a bid should pay a deposit of HUF 5,000,000 to prove their purchasing intention as prescribed in the tender invitation.

Competitors should keep their offers valid for at least 90 days reckoned from the date of submission.

Those wishing to take part in the tender must sign a Confidentiality Agreement and purchase the document "Terms of Bidding and Information Memorandum" the price of which is HUF 20,000 plus VAT for Hungarian parties, from the

State Property Agency  
1133 Budapest, Pozsonyi út 56.  
Customer Services Bureau.

INVEST IN HUNGARY • A SAFE EXPANSION

## LEGAL NOTICES

NOTICE IS HEREBY GIVEN, pursuant to Section 46(1) of the Companies Act 1986, that a meeting of the shareholders of the above-named company will be held on 21 June 1994 at the Oakley Meeting House, 55 James Street, Sheffield S1 1JH. Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting. Other creditors are only entitled to vote if (a) they have delivered to us at the address above, by no later than 20 June 1994, written details of their claims and the claim has been duly admitted under the provisions of Rule 3.11 of the Companies Act 1986; and (b) their claim has been lodged with us by proxy which the creditor intends to be used on his or her behalf.

Dated: 2 June 1994  
Signed: David Stokes and Michael Moore  
Joint Administrative Receivers  
Crosby & Lybrand, 1 East Parade, Sheffield S1 2ET

NO. 68329 of 1994  
IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION

IN THE MATTER OF  
CAMPSHILL & ARMSTRONG PLC

IN THE MATTER OF  
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 20th May 1994 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the share capital of the above-named Company from £3,759,823 to £2,544,892.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday the 29th day of June 1994.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of the share capital should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undersigned Solicitors on payment of the regulated charge for the same.

Dated this 17th day of June 1994  
Lewitt White Duncanson  
65 Holborn Viaduct  
London EC1A 4DY  
Solicitors for the above-named Company.

NO. 68329 of 1994  
IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION

IN THE MATTER OF  
UNICOM PLC

IN THE MATTER OF  
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 20th May 1994 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the share capital of the above-named Company from £17,022,361.76 to £11,562,401.78.

AND IT IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday the 29th day of June 1994.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of the share capital should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undersigned Solicitors on payment of the regulated charge for the same.

Dated this 17th day of June 1994  
RAKISONS  
27 Chancery Lane, London WC2A 1NF  
Solicitors for the above-named Company.

NO. 68329 of 1994  
IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION

IN THE MATTER OF  
Dunelm House Group Plc

IN THE MATTER OF  
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 20th May 1994 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the share capital of the above-named Company from £4,280,701.80 to £2,500,000.00 and (ii) the reduction of the Share Premium Account of the Company from £16,679,401.78 to £1,562,401.78.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday the 29th day of June 1994.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of the share capital should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undersigned Solicitors on payment of the regulated charge for the same.

DATED this 16th day of June 1994  
Consolidated of 28 Tudor Street, London, EC4A 3DF  
Solicitors for the above-named Company.

## Successful Electrical

accessories manufacturers  
West Midlands.

T/O £2m+. Assets £1M.

Owner retiring.

Acquisition by similar company preferred.

Principals only reply to Box No: 82931 Financial Times, One Southwark Bridge, London SE1 9HL.

## UNIQUE OPPORTUNITY

To Acquire a small well known and established performance car accessory business,

selling components throughout the UK, Europe and Worldwide.

T/O: £350,000, proven track record.

Write to Box No: 82926 Financial Times, One Southwark Bridge, London SE1 9HL.

PROFITABLE  
VAN/CAR HIRE  
BUSINESS

FOR SALE ON  
SOUTH COAST.

Locally well known brand name, with 5 branches. Fleet size 220, 50% cars.

Principals only contact:  
Robert Haycock  
Tel: 0703 631465  
Fax: 0703 223547

## POTTERY FOR SALE

Now available, a small traditional English Pottery, with unique historical product range, skilled and experienced workforce, excellent client base and growing order book.

Based in a modern factory in Staffordshire. Turnover currently approximately £250K.

For further information, please reply to Box 82947, Financial Times, One Southwark Bridge, London SE1 9HL.

Perrings Home  
Furnishing Ltd

(In Administrative Receivership)

The Joint Administrative Receivers offer for sale the business and assets of the above company which is an important retailer of quality furniture

■ 1993 turnover approximately £28 million

■ Operated from 16 owned locations in the South East of England and 23 concessionary stores within major Department Stores

■ Approximately 185 staff

■ For further details, please contact the Joint Administrative Receivers, TC Carter and NJ Hamilton, Ernst & Young, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Telephone: 071-931 4305. Fax: 071-928 0425.

## ERNST &amp; YOUNG

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

## DAVID GARRICK

FOR SALE

COMPUTER SOFTWARE SYSTEMS COMPANY

We are retained by the parent company to assist in locating a suitable purchaser.

Key Characteristics:

■ Annual turnover in excess of £1.3M, gross margin 11M

■ Highly developed application packages for professional and financial services markets

■ Substantial proportion of contractual revenue

■ One of the leading suppliers at the upper end in the professional market

■ Growing customer base benefiting from open systems technology

For further information, contact: ROBERT KING

SPECIALISTS IN ACQUISITIONS AND DIVESTMENTS

DAVID GARRICK LTD  
1 de Walden Court  
85 New Cavendish Street  
London W1M 7RA  
Tel: 071 831 0659  
Fax: 071 436 4311

## FOR SALE

COMPUTER SOFTWARE SYSTEMS COMPANY

We are retained by the parent company to assist in locating a suitable purchaser.

Key Characteristics:

■ Annual turnover in excess of £1.3M, gross margin 11M

■ Highly developed application packages for professional and financial services markets

■ Substantial proportion of contractual revenue

■ One of the leading suppliers at the upper end in the professional market

■ Growing customer base benefiting from open systems technology

For further information, contact: ROBERT KING

SPECIALISTS IN ACQUISITIONS AND DIVESTMENTS

DAVID GARRICK LTD  
1 de Walden Court  
85 New Cavendish Street  
London W1M 7RA  
Tel: 071 831 0659  
Fax: 071 436 4311

FOR SALE

COMPUTER SOFTWARE SYSTEMS COMPANY

We are retained by the parent company to assist in locating a suitable purchaser.

Key Characteristics:

■ Annual turnover in excess of £1.3M, gross margin 11M

■ Highly developed application packages for professional and financial services markets

■ Substantial proportion of contractual revenue

■ One of the leading suppliers at the upper end in the professional market

■ Growing customer base benefiting from open systems technology

For further information, contact: ROBERT KING

SPECIALISTS IN ACQUISITIONS AND DIVESTMENTS

DAVID GARRICK LTD  
1 de Walden Court  
85 New Cavendish Street  
London W1M 7RA  
Tel: 071 831 0659  
Fax: 071 436 4311

FOR SALE

COMPUTER SOFTWARE SYSTEMS COMPANY

We are retained by the parent company to assist in locating a suitable purchaser.

Key Characteristics:

■ Annual turnover in excess of £1.3M, gross margin 11M

■ Highly developed application packages for professional and financial services markets

■ Substantial proportion of contractual revenue

■ One of the leading suppliers at the upper end in the professional market

■ Growing customer base benefiting from open systems technology

For further information, contact: ROBERT KING

SPECIALISTS IN ACQUISITIONS AND DIVESTMENTS

DAVID GARRICK LTD  
1 de Walden Court  
85 New Cavendish Street  
London W1M 7RA  
Tel: 071 831 0659  
Fax: 071 436 4311

FOR SALE

COMPUTER SOFTWARE SYSTEMS COMPANY

We are retained by the parent company to assist in locating a suitable purchaser.

Key Characteristics:

■ Annual turnover in excess of £1.3M, gross margin 11M

■ Highly developed application packages for professional and financial services markets

■ Substantial proportion of contractual revenue

■ One of the leading suppliers at the upper end in the professional market

■ Growing customer base benefiting from open systems technology

For further information, contact: ROBERT KING

SPECIALISTS IN ACQUISITIONS AND DIVESTMENTS

DAVID GARRICK LTD  
1 de Walden Court  
85 New Cavendish Street  
London W1M 7RA  
Tel: 071 831 0659  
Fax: 071 436 4311

FOR SALE

COMPUTER SOFTWARE SYSTEMS COMPANY

We are retained by the parent company to assist in locating a suitable purchaser.

Key Characteristics:

■ Annual turnover in excess of £1.3M, gross margin 11M

■ Highly developed application packages for professional and financial services markets

■ Substantial proportion of contractual revenue

■ One of the leading suppliers at the upper end in the professional market

■ Growing customer base benefiting from open systems technology

For further information, contact: ROBERT KING

SPECIALISTS IN ACQUISITIONS AND DIVESTMENTS

DAVID GARRICK LTD  
1 de Walden Court  
85 New Cavendish Street  
London W1M 7RA  
Tel: 071 831 0659  
Fax: 071 436 4311

FOR SALE

COMPUTER SOFTWARE SYSTEMS COMPANY

We are retained by the parent company to assist in locating a suitable purchaser.

Key Characteristics:

■ Annual turnover in excess of £1.3M, gross margin 11M

■ Highly developed application packages for professional and financial services markets

■ Substantial proportion of contractual revenue

■ One of the leading suppliers at the upper end in the professional market

■ Growing customer base benefiting from open systems technology

For further information, contact: ROBERT KING

SPECIALISTS IN ACQUISITIONS AND DIVESTMENTS

DAVID GARRICK LTD  
1 de Walden Court  
85 New Cavendish Street  
London W1M 7RA  
Tel: 071 831 0659  
Fax: 071 436 4311

FOR SALE

COMPUTER SOFTWARE SYSTEMS COMPANY

We are retained by the parent company to assist in locating a suitable purchaser.

Key Characteristics:

■ Annual turnover in excess of £1.3M, gross margin 11M

■ Highly developed application packages for professional and financial services markets

■ Substantial proportion of contractual revenue

■ One of the leading suppliers at the upper end in the professional market

■ Growing customer base benefiting from open systems technology

For further information, contact: ROBERT KING

SPECIALISTS IN ACQUISITIONS AND DIVESTMENTS

DAVID GARRICK LTD  
1 de Walden Court  
85 New Cavendish Street  
London W1M 7RA  
Tel: 071 831 0659  
Fax: 071 436 4311

FOR SALE

COMPUTER SOFTWARE SYSTEMS COMPANY

We are retained by the parent company to assist in locating a suitable purchaser.

Key Characteristics:

■ Annual turnover in excess of £1.3M, gross margin 11M

■ Highly developed application packages for professional and financial services markets

■ Substantial proportion of contractual revenue

■ One of the leading suppliers at the upper end in the professional market

■ Growing customer base benefiting from open systems technology

For further information, contact: ROBERT KING

SPECIALISTS IN ACQUISITIONS AND DIVESTMENTS

DAVID GARRICK LTD  
1 de Walden Court  
85 New Cavendish Street  
London W1M 7RA  
Tel: 071 831 0659  
Fax: 071 436 4311

FOR SALE

COMPUTER SOFTWARE SYSTEMS COMPANY

We are retained by the parent company to assist in locating a suitable purchaser.

Key Characteristics:

■ Annual turnover in excess of £1.3M, gross margin 11M

■ Highly developed application packages for professional and financial services markets

■ Substantial proportion of contractual revenue

■ One of the leading suppliers at the upper end in the professional market

■ Growing customer base benefiting from open systems technology

For further information, contact: ROBERT KING

SPECIALISTS IN ACQUISITIONS AND DIVESTMENTS

DAVID GARRICK LTD  
1 de Walden Court  
85 New Cavendish Street  
London W1M 7RA  
Tel: 071 831 0659  
Fax: 071 436 4311

FOR SALE

COMPUTER SOFTWARE SYSTEMS COMPANY

We are retained by the parent company to assist in locating a suitable purchaser.

Key Characteristics:

■ Annual turnover in excess of £1.3M, gross margin 11M

■ Highly developed application packages for professional and financial services markets

■ Substantial proportion of contractual revenue

■ One of the leading suppliers at the upper end in the professional market

■ Growing customer base benefiting from open systems technology

For further information, contact: ROBERT KING

## COMMODITIES AND AGRICULTURE

## Korean fears help drive N Sea oil price above \$17

By Robert Corzine in Vienna

Oil prices continued to rally yesterday with the benchmark Brent blend rising above \$17 a barrel for the first time since the end of September last year. It is now about \$4 higher than its low of just under \$13 reached last February.

Analysts say concern about a possible military confrontation on the Korean peninsula triggered off the latest rally, although publication of US statistics confirming continuing domestic supply bottlenecks added to the upward momentum.

Another factor underpinning the bullish sentiment included the decision on Wednesday by the Organisation of Petroleum Exporting Countries to cancel its September meeting.

The move was seen as confirmation that Opec is deter-

mined to stick to its present production ceiling of 24.52m barrels a day until the end of the year.

Opec yesterday ended its conference in Vienna, with delegates continuing to express optimism about prices. One Gulf Arab official thought that by the end of the year prices for Brent could move towards the top of the \$14-\$21 range of recent years.

But Opec officials also conceded that rising prices could tempt some members to cheat on their quotas, even though all but three - Saudi Arabia, Kuwait and the United Arab Emirates - are producing close to their sustainable capacity.

One official said a few Opec members might be able to exceed their sustainable capacity for "a few weeks". But he predicted that the impact on the market would not be that big.

"They would only damage the fields as well as the price," he added.

Opec is also considering additional ways to enforce production discipline. Members are presently reviewing a scheme under which persistent over-producers could have their quotas reduced until their average production over a period was brought back into line. Officials say the unused portion of the original quota would not be reallocated among other members.

Opec yesterday failed to select a permanent successor to Dr Subroto of Indonesia, the outgoing secretary-general. Mr Abdulla Salem El-Badri, Libyan oil minister and the new Opec president, will assume the secretary-general's duties until November, when member will again try to select a permanent successor.

## Indian government plans rice export 'thrust'

Kunal Bose on efforts to increase the country's 5 per cent share of the world market

The Indian federal government, assured of comfortable food stocks, has decided to work hand in hand with the trade to promote the export of rice.

Although India has the largest area under rice and it is the second biggest producer of the cereal after China, its share in the current year's projected world trade of 14.5m tonnes of rice will be less than 5 per cent.

According to the All India Rice Exporters Association, however, the country's export earnings from rice should be up to Rs25m (Rs24m) by the turn of the century from about Rs12m in the year to March 1994.

The designation of rice as a "thrust export commodity" and the series of measures taken of late by the government to facilitate export make the turn of the century target achievable, say trade sources.

include the removal of the minimum export price (MEP) for basmati rice (a superfine, extra long aromatic variety), reduction in phases of the MEP for the non-basmati rice to improve its competitiveness in the world market and the abolition of the export quota for the non-basmati varieties.

Meanwhile, the commerce ministry has accepted the suggestion of the exporters' association that an export promotion council for rice should be set up. Its constitution, according to traders, will give a "direction to the growth in Indian rice export. We must know the changing consumer preferences in the traditional and new markets. One of the main tasks of the council will be to disseminate market information among the exporters."

India's rice exports grew to Rs12bn in 1993-94 from Rs5.5bn in 1987-88 without a proper marketing strategy. But until then India had largely relied upon the export of basmati rice, for which its only

significant competitor is Pakistan. Basmati constitutes less than 10 per cent of the total amount of rice traded in the world market. Of the total about 42m hectares under rice in India, less than 800,000 - in Punjab, Haryana and Uttar Pradesh - are committed to the basmati variety.

Indian production of basmati ranges from 800,000 tonnes to 850,000 tonnes a year. Last year's exports are estimated at 400,000 tonnes, of which 75 per cent went to the Middle East.

Mr E.A. Siddiq, project director of the Indian Directorate of Rice Research, has sounded a note of caution that in spite of its special attributes, basmati rice is "becoming less acceptable in the traditional markets and it is often rejected in the western market due to the failure to conform to the quality norms."

He thinks that complaints regarding the quality of basmati can be tackled, provided

that this special rice is put into two broad categories based on the grain length - grade one comprising grains 7mm long and above and grade two between 6.5mm and 6.9mm.

Traders think it should be possible to sell larger quantities of basmati in Europe, the US and Canada, which are now small markets. According to the exporters' association, there is scope for promoting long grain basmati in Japan as a "premium food". The special Indian rice attracted some good enquiries at the recently held Foodex Japan.

There is a growing consensus, however, that increases in Indian rice exports will have to come mainly from the non-basmati varieties, which last year accounted for only about 160,000 tonnes.

According to the exporters' association, the gradual reduction in farm and export subsidies and the minimum access opportunities for agricultural products that are envisaged under the General Agreement

on Tariffs and Trade will improve India's rice export prospects.

Besides basmati rice, India produces high quality long grain, medium quality long grain, short grain and glutinous rice. It is in a position, therefore, to exploit a number of markets.

As for non-basmati rice, the market that India is targeting specifically, it is in Africa where the demand for broken rice is growing and the exporters' association considers that continent to be the "best bet" for Indian rice exporters.

As part of their effort to achieve a bigger share of the world trade in rice, Indian exporters have started making "substantial investment" in rice mills with the state of the art grinders, sorters and polishers. Another encouraging development is the entry of houses like Hindustan Lever and ITC, the Indian associate of BAT Industries, in India's rice export sector.

## Copper and aluminium lead base metals back into bull run

By Our Commodities Staff

Base metals' bullish handover appeared to be back on course yesterday after Wednesday's setbacks.

The London Metal Exchange's three months delivery copper price climbed back above the psychologically significant \$2,400-a-tonne mark while the aluminium market moved towards its next upside resistance area.

Other LME contracts were also higher, with three months zinc just managing to regain its toe-hold above \$1,000 a tonne and lead equalling its recent 20 month high.

"The other metals were looking softer, but when copper and aluminium start to go higher, people change their views," one trader told the Reuters news agency.

Once the three months copper price became re-established

above \$2,400 fresh speculative buying emerged to maintain it, and the market's firmness was underpinned by a narrowing in the discount for cash metal. The "contango" (as the discount is known in the trade) against three months metal was reduced from \$18 to \$15.

Aluminium also benefited from a resurgence of speculative buying, which helped the three months position clear the \$1,440-a-tonne level and reach a \$39-month high before running into resistance near \$1,450. At the close it stood at \$1,444.50 a tonne, up \$10.75 on the day and \$38.25 on the month so far.

Traders told Reuters that the recent change in sentiment - with voluntary output cuts generally expected to start wearing down stocks soon - pointed to upside objectives around \$1,450 being secured before long.

The tin market continued to

match moves in the LME's major metals, with early losses being negated in the afternoon's general rally. However, there was not enough enthusiasm behind the buying for prices to break significantly higher and the three months position closed at \$5,667.50 a tonne, up \$22.50 on the day.

Nickel prices had been pushing higher from the start of trading, with some fresh buying helping the three months price to break through \$6,400 and reach \$6,500 a tonne at one stage. Chart-based resistance emerged around that level, however, and the price closed at \$6,482.50 a tonne. But that still represented a gain of \$25.50.

Traders explained zinc's relatively lacklustre performance - up \$1.50 at \$1,001 a tonne - as a reflection of the heavy stocks burden that is still overhanging the market.

## Coffee futures retreat from 7½-year highs

By Our Commodities Staff

Coffee futures surged to fresh 7½-year highs at the London Commodity Exchange before surrendering nearly all the gains.

The September delivery position peaked in the morning at \$2,490 a tonne, extending the rally following Wednesday morning's shake-out to \$150. Traders told the Reuters news agency that the early gains were in response to a report by the Green Coffee Association of New York showing lower warehouse stocks.

But the trend was not followed up when the New York market opened and London quickly went into retreat. By the close profit-taking and liquidation had trimmed the September price to \$2,395 a tonne, up just \$7 on the day.

"Things have gone quiet," said one trader. "The excitement went after New York failed to follow us up, and then we just followed them down."

The earlier rise had triggered stop-loss buying and prices had leapt in a vacuum, other traders said.

It was a similar story in the cocoa market. Wednesday's strong tone was maintained in early trading and the September price jumped \$14 to £1,065 a tonne at one stage. But it ended \$5 down at £1,035.

"New York failed to live up to expectations, which also hurt sentiment," said one trader, who added that there was a fair amount of book-squaring going on. "The market is being ruled by the speculators and ignoring fundamentals, which are quite bearish," said another.

## EU warned on cost of eastern European farm price support

By Our Commodities Staff

The cost of farm support to help central and eastern European countries join the European Union could amount to nearly Ecu1bn (£780m) a year, according to two independent farm experts, reports Reuters from Brussels.

Provision of low farm support prices and creation of "land banks" to provide credit to help private farmers would cost between Ecu500m and Ecu900m a year, Mr Henri Nallet, former French farm minister, told a news conference.

"We hope the eastern Europeans will finance it themselves," added Mr Nallet. "But if not, the European Commission on EU farm trade relations with eastern Europe. The financing of farm support measures is expected to be

one of the most difficult issues in negotiations with Poland, Hungary, the Czech Republic, Slovakia, Romania and Bulgaria on their eventual entry into the EU.

Mr Rene Stelchman, the EU agriculture commissioner, said on Wednesday that the report reflected only the personal views of the authors.

The European Commission is expected to publish in July a discussion document on measures to narrow the farm policy gap and assist the eventual membership of the eastern European countries.

East European farm support would be based on a wheat price of \$85 a tonne, said Mr van Stolk, a Dutch farm business expert. "The clue is to lock in a low support price," he suggested, adding that \$85

would cover "hard core" input and labour costs and allow farmers to compete on the world market.

Mr Nallet said lessons must be learned from the EU's major error 30 years ago in setting cereals intervention prices 25 per cent above the internal market price.

Price support would be complemented by a simplified system of fixed levies and refunds on EU farm imports and exports from eastern Europe.

The creation of "land banks" would help tackle the huge problem of inflation and illiquidity in eastern Europe. Mr van Stolk said, "It would provide liquidity in a very illiquid system" while helping private farmers to build up economically-sized farms.

## COMMODITIES PRICES

## BASE METALS

## LONDON METAL EXCHANGE

(Prices from Anonymous Metal Trading)

ALUMINIUM, 99.7 PURITY (\$ per tonne)

	Close	Change	High	Low	Open	Vol.
3 months	1416.7	+14.5	1444.5	1403.5	1417.5	1417.5
Previous	1403.5	-	1444.5	1403.5	1417.5	1417.5
High/Low	1417.5/1417	-	1444.5/1428	-	-	-
AM Official	1417.5	-	1444.5	-	-	-
Kerb close	1417.5	-	1444.5	-	-	-
Open Int.	262,203	-	-	-	-	-
Total daily turnover	71,701	-	-	-	-	-

ALUMINIUM ALLOY (\$ per tonne)

	Close	Change	High	Low	Open	Vol.
3 months	1420.30	-	1430.5	1418.20	1420.30	1420.30
Previous	1418.20	-	1430.5	1418.20	1420.30	1420.30
High/Low	1418.20/1418	-	1430.5/1428	-	-	-
AM Official	1420.5	-	1430.5	-	-	-
Kerb close	1420.5	-	1430.5	-	-	-
Open Int.	3,064	-	-	-	-	-
Total daily turnover	781	-	-	-	-	-

LEAD (\$ per tonne)

	Close	Change	High	Low	Open	Vol.
3 months	535.8	-	552.8	520.5	535.8	535.8
Previous	520.5	-	552.8	520.5	535.8	535.8
High/Low	535.8/535	-	552.8/541	-	-	-
AM Official	531.5	-	547.5	-	-	-
Kerb close	531.5	-	547.5	-	-	-
Open Int.	37,130	-	-	-	-	-
Total daily turnover	7,587	-	-	-	-	-

NICKEL (\$ per tonne)

	Close	Change	High	Low	Open	Vol.
3 months	6390.90	-	6490.5	6345.50	6390.90	6390.90
Previous	6345.50	-	6490.5	6345.50	6390.90	6390.90
High/Low	6345.50/635	-	6490.5/630	-	-	-
AM Official	6393.5	-	6445.0	-	-	-
Kerb close	6393.5	-	6445.0	-	-	-
Open Int.	55,821	-	-	-	-	-
Total daily turnover	7,385	-	-	-	-	-

TIN (\$ per tonne)

	Close	Change	High	Low	Open	Vol.
3 months	5595.95	-	5995.70	5500.70	5595.95	5595.95
Previous	5500.70	-	5995.70	5500.70	5595.95	5595.95
High/Low	5595.95/560	-	5995.70/560	-	-	-
AM Official	5671.5	-	5995.70	-	-	-
Kerb close	5671.5	-	5995.70	-	-	-
Open Int.	16,908	-	-	-	-	-
Total daily turnover	5,018	-	-	-	-	-

ZINC, special high grade (\$ per tonne)

	Close	Change	High	Low	Open	Vol.
3 months	973.7	-	1000.2	974.6	973.7	973.7
Previous	974.6	-	1000.2	974.6	973.7	973.7
High/Low	974.6/978	-	1000.2/981	-	-	-
AM Official	978.8	-	1005.4	-	-	-
Kerb close	978.8	-	1005.4	-	-	-
Open Int.	105,898	-	-	-	-	-
Total daily turnover	21,765	-	-	-	-	-

COPPER, grade A (\$ per tonne)

	Close	Change	High	Low	Open	Vol.
3 months	2405.5	-	2417.5	2405.5	2405.5	2405.5
Previous	2405.5	-	2417.5	2405.5	2405.5	2405.5
High/Low	2405.5/2402	-	2417.5/2395	-	-	-
AM Official	2402.5	-	2418.5	-	-	-
Kerb close	2402.5	-	2418.5	-	-	-
Open Int.	221,184	-	-	-	-	-
Total daily turnover	45,825	-	-	-	-	-

LME AM Official 2½ rate: 1.2810

LME Closing 2½ rate: 1.3200

Spot 12000 3 mth 1.5100 5 mth 1.5100 9 mth 1.5100

HIGH GRADE COPPER (COMEX)

	Close	Change	High	Low	Open	Vol.
3 months	111.00	+0.85	111.30	110.90	111.00	111.00
Previous	110.15	-	111.30	110.90	111.00	111.00
High/Low	111.00/110.15	-	111.30/110.70	-	-	-
AM Official	111.00	-	111.30	-	-	-
Kerb close	111.00	-	111.30	-	-	-
Open Int.	110,230	-	-	-	-	-
Total daily turnover	2,772	-	-	-	-	-

PRECIOUS METALS

## LONDON GOLD MARKET

(Prices supplied by N.M. Rothschild)

Gold (100 oz.) \$ price

	Close	Change	High	Low	Open	Vol.
3 months	385.10	-	388.50	384.00	385.10	385.10
Previous	384.00	-	388.50	384.00	385.10	385.10
High/Low	385.10/387.10	-	388.50/385.10	-	-	-
AM Official	387.10	-	391.00	-	-	-
Kerb close	387.10	-	391.00	-	-	-
Open Int.	385.80	-	-	-	-	-
Total daily turnover	254,338	-	-	-	-	-

Silver (100 oz.) \$ price

	Close	Change	High	Low	Open	Vol.
3 months	387.20	-	391.00	384.00	387.20	387.20
Previous	386.00	-	391.00	384.00	387.20	387.20
High/Low	387.20/387.10	-	391.00/385.10	-	-	-
AM Official	387.10	-	391.00	-	-	-
Kerb close	387.10	-	391.00	-	-	-
Open Int.	385.80	-	-	-	-	-
Total daily turnover	254,338	-	-	-	-	-

Loro Loh Mean Gold Lending Rates (Vs US\$)

	1 month	3 months	6 months	12 months
3 months	4.00	4.00	4.00	4.00
6 months	4.00	4.00	4.00	4.00
12 months	4.00	4.00	4.00	4.00

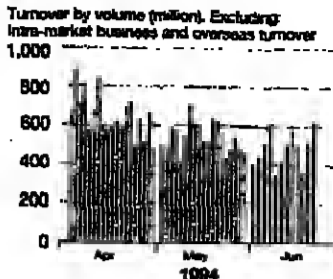
Silver Pct

	Close	Change	High	Low	Open	Vol.
3 months	387.20	-	391.00	384.00	387.20	387.20
Previous	386.00	-	391.00	384.00	387.20	387.20
High/Low	387.20/387.10	-	391.00/385.10	-	-	-

## Early losses reduced in modest trading volume

The Otegas pricing report. Although Seaq volume increased to 610.1m shares from the 562.8m registered in the previous session, traders said that the market was not busy yesterday. Trading in non Footsie stocks made up a high 80 per cent of overall Seaq business, with earnings on interest rates and dividends accounting for the balance. For the market, encouraged fund managers to back away from equities while still waiting for the bonanza market to settle down. Some analysts said that equities had yesterday shown themselves successfully to have bottomed out.

Retail business remained high at £1.56bn on Wednesday, in spite of the reduced market attendance prompted by a national rail strike. Many traders sensed that retail



FT Ordinary index	2383.4	-1
FT-SE-A Non Fins p/e	19.37	(19
FT-SE100 Fut Jun	3025.5	-1
10 yr Gilt yield	8.74	(8
Long gilt/equity vid ratio:	2.26	(2

2 Extractive Inds  
3 Building & Cons  
4 Engineering, Vehicles  
5 Engineering

[illegible]

als groups included Marley off 9 at 139p, Hewworth 14 to 30p, Redland 20 to 47p and RMC 35 to 47p.

High street retailers were also undermined by the rate rise speculation and mixed retail sales figures. Kingfisher slid 8 to 502p, and Great Universal Stores dropped 6 to 673p. But Dixons was 3 firmer at 191p as the figures showed electrical sales stronger.

Fears about the take-up of the shares from its recent rights issue continued to dog Channel tunnel operator Euro-tunnel which left the shares trailing 14 to 303p. Dealers reported some confusion in deals from firms.

	Vol. 000s	Closing price	Day's change
MSIA Group†	5,000	55	
Libby National	2,000	42	-6
Weyerhaeuser	1,700	58	-4
US West†	1,100	509	+8
Anglian Water	1,700	852	+3
ICI Group†	3400s	232	+3
Woolworth	10,000	202	+8
Wm. Wrigley	150	274	-1
Gen. Elec. Product	1,000	274	+1
Gen. Elec. Corp.	925	238	+3
IBM Corp.	3400s	335	+3
WAT Inc†	2,400	411	+2
GEY	2,100	117	-1
TEC	412	41	+1
WAT	308	781	+1
PF†	12,000	409	+10
W.P. Inds.	2,100	288	+1
IT	6,300	272	+1
ITT (Hawaii)	4,300	885	+1
W.P. Inds.	6,900	362	+1
Bank of Scotland†	441	198	-3
Amey†	5,300	598	-2
W.P. Inds.	2,900	217	-2

Kleinwort Benson, the UK merchant bank and securities house, changed from a cautious stance on the brewing sector to one of "cautiously optimistic." Analyst Mr Andrew Holland said that recent results and company news had seemed to indicate that the market on the whole price war was now over. "All the bad news on discounting is now in the share prices," he said. "We could see some modest upturns from here." The broker removed Scottish and Newcastle from its sell list. The shares firmed a penny to 51½p.

[illegible]

England that interest rates will have to rise hit builders and building material groups hard. Among the former, Barratt Developments fell 10 1/4% to 189 1/2p, J Laing 9 1/2% to 282 1/2p, Persimmon 5 to 287p, and Taylor Woodrow 7 to 124p. Material

**MARKET REPORTERS:**  
Christopher Price,  
Clare Gascoigne,  
Joel Kibazo.

■ Other statistics, Page 25

## EQUITIES

### RISES AND FALLS YESTERDAY

	Rises	Falls	Stale
British Funds	1	69	2
Other Fixed Interest	5	5	18
Mineral Extraction	76	48	78
General Manufacturing	56	232	373
Consumer Goods	22	64	105
Services	55	128	326
Unlisted	18	26	

Div. yield%	Earn. yield%	P/E ratio	Xcl adj. yld	Total Return
4.08	8.06	17.30	48.88	1131.33
3.53	5.82	20.82	44.03	1299.82
3.68	8.29	19.43	44.80	1295.80
3.85	6.62	18.05	23.35	1166.06
3.00	3.86	33.34	20.87	1423.18
3.18	4.24	31.03	21.48	1408.78
3.89	8.42	18.68	22.77	1179.72

Investment Trusts	31	145	294
Others	30	63	43
<b>Totals</b>	<b>355</b>	<b>886</b>	<b>1432</b>

Data based on three companies listed on the London Share Service.

### TRADITIONAL OPTIONS

Cash: AD Eng., Afrasia, Concord, Courtis Cos., Flagstone, GBE Intl., Greycoats, Guthrie, LB&S, Marine & M., Microvint, Mercury Euro. Pkrs, NSM, Ovoca Res., Royal Intl., Staget Pk., Tallow Oil, Ltd. Eng., Wilton Pk. Cos.	GBE Intl., Greycoats, Marine & M., NSM, Royal Intl., Tottenham Ltd., Tallow Oil Put & Call; GBE Intl.
---	---

3.46	4.38	28.95	57.89	1004.09
3.46	5.27	23.50	43.59	1048.24
3.46	5.27	23.50	43.59	1048.24
3.57	4.52	80.00	15.22	1073.90
3.57	4.57	27.23	29.29	901.35
3.24	4.29	30.59	15.62	896.23
4.01	4.29	29.46	30.23	929.77
3.57	4.05	31.86	42.22	1003.08
4.65	4.57	27.21	33.48	907.67
3.06	3.84	18.90	13.03	851.58
3.06	3.84	18.90	13.03	851.58
4.01	2.28	60.84	32.68	1035.86
3.90	1.52	23.13	37.99	1067.22
3.90	1.52	23.13	37.99	1067.22
4.41	7.84	15.53	80.58	901.69
4.33	7.74	15.85	38.33	959.49
3.98	8.78	17.13	68.78	987.34
3.98	8.78	17.13	68.78	987.34
3.54	7.41	16.21	40.74	893.60
3.08	3.03	71.25	19.90	958.42
3.08	3.03	71.25	19.90	958.42
6.12	5.69	15.24	102.35	769.85
3.12	6.08	18.75	23.05	946.80
3.26	6.29	18.73	35.04	930.27
3.48	6.33	25.54	18.42	1037.91
3.48	6.33	25.54	18.42	1037.91
3.84	6.28	13.26	25.18	879.43
3.08	6.38	18.43	24.59	886.43
3.08	6.38	18.43	24.59	886.43
3.98	5.14	21.47	45.71	877.84
4.79	3.20	80.00	5.01	1006.86
4.79	3.00	14.30	20.92	831.51
4.79	3.00	14.30	20.92	831.51
6.71	3.2	5	53.43	816.65
4.24	7.86	16.22	50.99	810.17
5.70	13.89	7.98	19.72	927.97
3.90	6.25	19.27	23.18	1144.08
4.20	6.32	16.89	24.78	841.56
4.20	6.32	16.89	24.78	841.56
5.29	11.82	4.45	28.44	824.27
5.41	7.93	15.50	90.88	871.97
3.38	12.00	8.86	44.44	852.78
4.78	7.15	29.90	23.33	889.25
4.93	4.15	29.90	23.33	889.25
3.20	1.80	53.47	27.42	618.09
3.65	6.42	16.46	22.27	1170.77

CORPORATE INVESTMENT ISSUES: EQUITIES												
Issue	Ant. price paid	Net	1984		Close		Net	Div.	Gm	P/E		
			High	Low	Stock		ch.	occ.	inc.			
\$120 P.P.	58.7	120	115 1/2	Aves. Hembie	122		W3.74	2.8	3.8	12.1		
181 P.P.	45.1	185	105	Away	155		UN4.0	8.6	5.4	25.9		
55 P.P.	143.0	505	140	Automotive	138		UN4.0	0.8	4.7	35.8		
100 P.P.	43.3	108	100	Automotive	105		UN4.0	0.8	4.7	35.8		
\$150 P.P.	30.9	275	180	Bentley Dolphin	158		LS5.9	2.3	4.9	11.1		
100 P.P.	22.7	71	72	Cable	70		UN3.75	0.7	6.4	34.4		
-	10.9	119	112	CLU	73							
\$140 P.P.	107.0	148	107	Com. S. W.	170	+	W3.1	W3.1	2.9	11.1		
-	17.6	33	33	Chime. Comm.	33							
\$250 P.P.	170.3	249	228	CD	228		LC3.94	3.8	3.0	11.9		
130 P.P.	30.9	275	148	Com. S. W.	138		W3.1	2.8	2.8	13.4		
-	7.7	93	90	Flamingo Indian	92							
-	7.9	90	42	Do Wernata	47							
-	10.7	100	100	East. S. W.	99							
105 P.P.	104.8	103	103	Healthcare	96		WN4.0	1.5	5.1	14.1		
225 P.P.	50.8	233	225	International	232		UN9.9	2.1	5.3	8.1		
100 P.P.	27.5	100	100	J. P. Morgan	72	-						
5 P.P.	42.0	57	5	Key Food	54							
180 P.P.	57.4	185	158	Lowland Inc.	181		WN7.0	2.5	6.0	8.9		
100 P.P.	184.1	100	200	Mar. Corp.	192		WN1.92	2.6	6.4	17.9		
105 P.P.	44.6	113	88	McKnight	129		W3.8	2.8	4.3	13.1		
120 P.P.	34.7	130	120 1/2	Norfolk	134		WN4.6	2.5	4.7	11.0		
-	44.1	118	118	North	118		W3.75	2.5	2.9	15.1		
-	45.1	92	80	Scudder Latin	60	-						
-	44.6	118	118	Scudder Latin	118							
100 P.P.	24.8	99	88	Shaw W. Smt. C.	99							
585 P.P.	14.1	113	108	Star Group	113		11.8	1.6	1.8	44.6		
100 P.P.	184.7	100	122	Specialty Shops	124		12.4	1.0	2.2			
-	58.8	100	70	Thor Euro Debt	80							
100 P.P.	73.7	100	82	Thr. Euro Inv. C.	82							
8108 P.P.	10.9	119	112	Unicom	108		UN3.75	2.7	3.8	10.3		
150 P.P.	41.8	163	154	Vymura	163		W4.67	2.2	3.4	15.8		

RIGHTS OFFERS												
Issue	Amount paid	Latest Return	1984			Closing price	+/-					
date	up	up	High	Low	Stock							
193	NE	23/7	6pm	5pm	Britton	5pm	-1/2					
205	NE	23/7	6pm	5pm	Chase	5pm	-1/2					
100	NE	23/7	23pm	3pm	Danco Motors	3pm						
205	NE	-				23pm	-6					
425	NE	23/7	6pm	5pm	Dana Hardware	5pm	-1/2					
185	NE	11/7	20pm	6pm	Headlam	10pm						
100	NE	23/7	23pm	1pm	Hagen & Hill	1pm	-1/2					
230	NE	23/7	34pm	10pm	Janis Pottery	19pm						
205	NE	18/7	34pm	10pm	Marine Products	19pm	-2					
100	NE	21/7	31pm	27pm	NVMI	27pm	-1					
5	NE	21/7	31pm	7pm	Standard Plst	7pm	-1					
24	NE	21/7	31pm	7pm	Standard Plst	7pm	-1					
250	NE	21/7	30pm	22pm	Wissal	22pm	-1					

3536.8	3534.3	3531.5	3534.2
1526.4	1528.4	1530.2	1526.0

FINANCIAL TIMES EQUITY INDICES									
	June 18	June 18	June 14	June 13	June 16	Yr ago	High	Low	
Ordinary Share	2363.4	2399.8	2397.2	2385.5	2418.3	2248.5	2719.8	2321.2	
Int. div. yield	4.24	4.21	4.22	4.24	4.10	4.12	4.32	3.43	
Emt. vol. % full	5.70	5.65	5.67	5.69	5.61	4.86	6.78	3.82	

1077.5	1078.4	1099.2	-20.8
2848.0	2846.0	2872.8	-28.8
1698.4	1687.3	1717.3	-20.0
2627.0	2632.4	2642.3	-9.9

Notes are available from The Chemical Times

P/E ratio	18.40	15.53	18.51	18.44	19.72	24.45	30.80	18.18
For 1994. Ordinary Share Index since completion: High 27150 2/02/94; low 24 4/8 26/4/94								
FT Ordinary Share index close 1/1/93								
Ordinary Share index changes								
Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	High Low
2360.3	2361.5	2362.8	2365.0	2366.0	2367.2	2368.7	2369.5	2366.7 2376.8
June 18	June 15	June 14	June 14	June 13	June 13	June 13	June 13	Yr ago

5252AQ bargains (mmt)	24,082	22,863	23,141	22,839	22,956	29,880
Equity turnover (mmt)	-	1551.4	1562.2	948.5	1264.7	1368.5
Equity bargain†	-	29,963	25,196	24,854	28,036	35,881
Shares traded (mmt)	-	610.6	534.8	373.6	517.7	555.1

† Excluding intra-market business and over-the-counter turnover.



**LEISURE & HOTELS - Cont.**

## OTHER FINANCIAL

**PROPERTY - Cont****SPIRITS, WINES & CIDERS**

## TRANSPORT Cont.

[illegible]

Active Flacks	1-4-14	3000	+1	300
Advised Ind. Flack	100			177 1/2

[illegible]

## INVESTMENT COMPANIES

[illegible]

## LEISURE & HOTELS

[illegible]

High Oil	100	100	100
Low Fuel CS	100	100	100
High Energy	100	100	100

C. \_\_\_\_\_ 8410  
Doc ID # \_\_\_\_\_

Index Form ☒ 227  
 Item ☐ 205-nd

London	52nd	+2	88	42
Ortlington	71st	—	71	54½
Ortlington	71st	—	71	54½

**Figures based on prospectus or other official statements.**

[illegible]

**FT MANAGED FUNDS SERVICE**

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 673 4378 for more details.

## AUTHORISED UNIT TRUSTS

**AUTHORISED  
UNIT TRUSTS**

<div>Capital Growth Unit Trust (2000F)</div> <table><tr><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>1000</td><td>100</td></tr></table>	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	100
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	100	

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4373 for more details.

[illegible]

**MS Life**  
52 Westchester Road, Clayton, Ohio 44622  
Phone: 216/734-1100 FAX: 216/734-1941  
**AAA Equity & Low Life Assurance**  
10000 W. 13th St., Suite 100, Overland Park, Kansas 66204  
Phone: 913/666-9999

**Western Life Assurance Co Ltd**  
400 Madison Avenue, New York, NY 10017  
Phone: 212/661-2575

<p><b>Abbey Life Assurance Co Ltd - Contd.</b></p> <p>Abbey Life Assurance Co Ltd, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 90</p>
---

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (771) 873-4378 for more details.

[illegible]

**FT MANAGED FUNDS SERVICE**

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

[illegible]

## MARKETS REPORT

## Dollar gyrates

The dollar was bounced around in choppy trading conditions yesterday as bullish sentiment tested the US currency's technical losses against the D-Mark and growing tensions in North Korea helped the dollar off its floors against the yen, writes *Motoko Rich*.

A fall in the US bond market dragged the dollar down but intervention by the Bank of Japan in support of the US currency and better-than-expected US economic data gave the dollar a boost.

The dollar closed in London at DM1.6319 against the D-Mark from DM1.6394 and at ¥103.385 from ¥102.760.

The safe haven Swiss franc benefited from war talk about North Korea and gained from views that the Swiss economy is the healthiest in Europe.

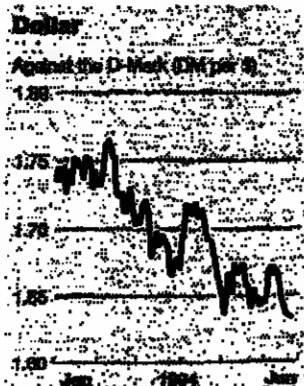
In early sessions, the market tried to break through DM1.6280, a level seen as significant by technical analysts. The US currency dropped below DM1.63 for the first time since October.

The dollar has had a single performance because the factors that have been hurting it in the long term are still there," said Mr David Cocker, economist at Chemical Bank. "There is uncertainty on the US-Japan trade front and the market maintains a very positive outlook on the European recovery, which has particularly benefited the D-Mark."

While tough talking from North Korea and a rumour that a US helicopter had been downed in South Korea buoyed the dollar against the yen, escalating tensions in the region provoked a fall in the US bond market, which is having a knock-on effect on the dollar.

"Developments in North Korea have been upsetting commodity prices, especially oil, and have been interpreted as adding inflationary pressures to the US," said Mr Jeremy Hawkins, senior economic adviser at Bank of America.

He said concerns about rising inflation in the US have prompted nervous investors, fearing interest rate rises, to retreat from US Treasuries, a move reflected in the US currency market.



**Percent in New York**

	1st	2nd	3rd	4th
1st	1.0000	1.0000	1.0000	1.0000
2nd	1.0000	1.0000	1.0000	1.0000
3rd	1.0000	1.0000	1.0000	1.0000
4th	1.0000	1.0000	1.0000	1.0000

A decent batch of US statistics pushed the dollar up in afternoon trading. US May housing starts were well above forecasts, rising 2.6 per cent after a 3.1 per cent drop in April. Analysts had expected the May figure to fall. Housing permits dropped 1.6 per cent in May, however, indicating a future slowdown.

Initial jobless claims fell more than expected to 348,000 from 359,000 in the previous week. The Philadelphia Fed index rose to 18.1 in June from 14.8 in May.

While these figures lent support to the US currency, the market remained gloomy on the dollar.

"The mood in the market is that if it can't rally against the news that has been thrown at it, then it must be given down," said Mr Nick Parsons, economist at CIBC.

The Canadian dollar followed the US currency down and plummeted to C\$1.386 against the US dollar from C\$1.386. "If the US dollar has a bad day then the Canadian dollar has an even worse day," said Mr Parsons.

It is thought that the Canadian authorities have intervened to stem the tide against the Canadian dollar.

Swiss currency in search of a safe haven in the light of developments in North Korea. Some analysts believed North Korea was a small factor in the Swiss franc's strength. "I think the view that Swiss interest rates have reached bottom and that the Swiss economy is slightly better than the German economy has helped the franc," said Mr Peter Luxton, economic adviser at Barclays Bank.

He also said the collapse in the European bond market helped the Swiss franc, but also the D-Mark. Mr Luxton said the D-Mark was further strengthened by remarks the Bundesbank made in its June monthly report. "The recessionary tendencies in the west German economy appear to have been overcome," the central bank said.

The D-Mark closed at FF3.413 from FF3.410 and at L981.0 from L973.5. German call money was quoted in a range of 5.00/20 per cent and the market was well supplied with liquidity.

Sterling lost overnight gains made after the Chancellor's Mansion House speech and comments by Bank of England Governor Eddie George, in which he signalled a future interest rate rise.

The pound was unaffected by slightly weaker than forecast retail sales figures and an improved public sector borrowing rate.

Sterling closed in London at DM2.4905 from DM2.4902 and virtually unchanged at \$1.5001 from \$1.5003. The Bank of England provided liquidity of £300m at the established rate of 4.00 per cent. The overnight lending rate traded between 5% and 2 per cent.

## POUND SPOT FORWARD AGAINST THE POUND

Jun 16		Closing mid-point	Change on day	Spot/ offer spread	Day's high/low	One month % p.a.	Three months % p.a.	One year % p.a.	Bank of England Int. Ind.
Europe		17.4418	-0.0047	340 - 400	17.2348 17.4340	17.438	0.3	17.4324	0.2
Austria	(Sfr)	51.0232	-0.0078	104 - 870	51.2416 51.0194	51.0432	0.2	51.0332	-0.2
Belgium	(Sfr)	51.0232	-0.0078	104 - 870	51.2416 51.0194	51.0432	0.2	51.0332	0.2
Denmark	(DKr)	51.0232	-0.0078	104 - 870	51.2416 51.0194	51.0432	0.2	51.0332	0.2
France	(Ffr)	51.0232	-0.0078	104 - 870	51.2416 51.0194	51.0432	0.2	51.0332	0.2
Germany	(M)	51.0232	-0.0078	104 - 870	51.2416 51.0194	51.0432	0.2	51.0332	0.2
Greece	(Dr)	51.0232	-0.0078	104 - 870	51.2416 51.0194	51.0432	0.2	51.0332	0.2
Ireland	(Ir£)	51.0232	-0.0078	104 - 870	51.2416 51.0194	51.0432	0.2	51.0332	0.2
Italy	(Lira)	51.0232	-0.0078	104 - 870	51.2416 51.0194	51.0432	0.2	51.0332	0.2
Netherlands	(Gld)	51.0232	-0.0078	104 - 870	51.2416 51.0194	51.0432	0.2	51.0332	0.2
Norway	(Nkr)	51.0232	-0.0078	104 - 870	51.2416 51.0194	51.0432	0.2	51.0332	0.2
Portugal	(Esc)	51.0232	-0.0078	104 - 870	51.2416 51.0194	51.0432	0.2	51.0332	0.2
Spain	(Ptas)	51.0232	-0.0078	104 - 870	51.2416 51.0194	51.0432	0.2	51.0332	0.2
Sweden	(Skr)	51.0232	-0.0078	104 - 870	51.2416 51.0194	51.0432	0.2	51.0332	0.2
Switzerland	(Sfr)	51.0232	-0.0078	104 - 870	51.2416 51.0194	51.0432	0.2	51.0332	0.2
UK	(£)	51.0232	-0.0078	104 - 870	51.2416 51.0194	51.0432	0.2	51.0332	0.2
USA	(Doll)	51.0232	-0.0078	104 - 870	51.2416 51.0194	51.0432	0.2	51.0332	0.2
Asia		17.4418	-0.0047	340 - 400	17.2348 17.4340	17.438	0.3	17.4324	0.2
Australia	(A\$)	2.0778	-0.0023	781 - 805	2.0677 2.0781	2.0708	0.4	2.0777 0.4	2.0781 -0.4
Canada	(C\$)	2.1172	-0.0017	189 - 195	2.1216 2.1101	2.1197	-1.1	2.1255 -1.5	2.1528 -1.7
Mexico	(New P\$)	5.1112	-0.0014	692 - 681	5.1284 5.1081	5.1193	0.8	5.1979 0.8	5.1924 0.8
USA	(Doll)	1.5201	-0.0002	197 - 204	1.5280 1.5195	1.5193	0.8	1.5979 0.8	1.6124 0.8
Europe		17.4418	-0.0047	340 - 400	17.2348 17.4340	17.438	0.3	17.4324	0.2
Australia	(A\$)	2.0778	-0.0023	781 - 805	2.0677 2.0781	2.0708	0.4	2.0777 0.4	2.0781 -0.4
Hong Kong	(H\$)	11.7325	-	490 - 557	11.7870 11.6754	11.7442	0.8	11.7403 0.4	11.7673 -0.1
India	(R)	47.9821	-0.0003	694 - 967	47.9657 47.9654	-	-	-	-
Japan	(Y)	137.075	-0.0080	985 - 1084	137.2620 136.8549	136.706	2.8	136.9885	3.6
Malaysia	(M\$)	2.9324	-	1200 - 1304	2.9494	-	-	-	-
New Zealand	(NZ\$)	2.5852	-0.0074	805 - 840	2.5957 2.5808	2.5916	0.3	2.5861 -0.4	2.5917 -0.4
Philippines	(P\$)	41.1834	-0.0058	788 - 698	41.2037 40.9251	-	-	-	-
Singapore	(S\$)	5.7011	0.0008	985 - 1025	5.7191	-	-	-	-
Singapore	(S\$)	5.3978	-0.0020	900 - 930	5.3981 5.2921	-	-	-	-
S Africa (Conn.)	(R)	5.5247	-0.0194	211 - 292	5.5343 5.5002	-	-	-	-
S Africa (Fm)	(R)	7.2491	-0.0013	262 - 590	7.2745 7.2526	-	-	-	-
Taiwan	(N\$)	135.85	-0.0012	1127 - 1205	135.9511 135.8122	-	-	-	-
Taiwan	(N\$)	41.1200	-0.0009	679 - 321	41.2438 41.1079	-	-	-	-
Thailand	(B\$)	38.2339	-0.0175	205 - 353	38.3230 38.2180	-	-	-	-

\*BFR rates for Jan 16. Bid/offer spreads in the Pound spot table were only the best three offered prices. Forward rates are not strictly quoted in this market and are implied by quoted futures rates.   
\*The dollar spot table includes the Dollar Spot table from the FRB's DISCLOSE SPOT Rates. Some values are rounded by the FRB.

[illegible]

$\frac{1}{\sqrt{\pi}} \int_{-\infty}^{\infty} f(x) e^{-x^2} dx = \frac{1}{\sqrt{\pi}} \int_{-\infty}^{\infty} f(x) e^{-x^2} dx$

Figure 1. The effect of the concentration of the *Agrobacterium* suspension on the transformation efficiency of *Agrobacterium* strains. The *Agrobacterium* strains were grown in the YEA medium for 24 h and then adjusted to the optical density of 0.5. The *Agrobacterium* strains were then mixed with the *Agrobacterium* suspension of different concentrations and transformed into the *Agrobacterium* strains. The transformation efficiency was determined by the number of transformants per 10<sup>6</sup> cells. The data are the mean  $\pm$  SD of three independent experiments.

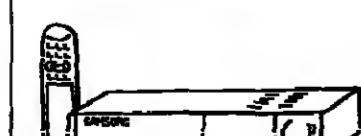
4pm close June 16

## NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Dow Jones Industrial Average			NYSE Composite		
175	174	173	175	174	173
174	173	172	174	173	172
173	172	171	173	172	171
172	171	170	172	171	170
171	170	169	171	170	169
170	169	168	170	169	168
169	168	167	169	168	167
168	167	166	168	167	166
167	166	165	167	166	165
166	165	164	166	165	164
165	164	163	165	164	163
164	163	162	164	163	162
163	162	161	163	162	161
162	161	160	162	161	160
161	160	159	161	160	159
160	159	158	160	159	158
159	158	157	159	158	157
158	157	156	158	157	156
157	156	155	157	156	155
156	155	154	156	155	154
155	154	153	155	154	153
154	153	152	154	153	152
153	152	151	153	152	151
152	151	150	152	151	150
151	150	149	151	150	149
150	149	148	150	149	148
149	148	147	149	148	147
148	147	146	148	147	146
147	146	145	147	146	145
146	145	144	146	145	144
145	144	143	145	144	143
144	143	142	144	143	142
143	142	141	143	142	141
142	141	140	142	141	140
141	140	139	141	140	139
140	139	138	140	139	138
139	138	137	139	138	137
138	137	136	138	137	136
137	136	135	137	136	135
136	135	134	136	135	134
135	134	133	135	134	133
134	133	132	134	133	132
133	132	131	133	132	131
132	131	130	132	131	130
131	130	129	131	130	129
130	129	128	130	129	128
129	128	127	129	128	127
128	127	126	128	127	126
127	126	125	127	126	125
126	125	124	126	125	124
125	124	123	125	124	123
124	123	122	124	123	122
123	122	121	123	122	121
122	121	120	122	121	120
121	120	119	121	120	119
120	119	118	120	119	118
119	118	117	119	118	117
118	117	116	118	117	116
117	116	115	117	116	115
116	115	114	116	115	114
115	114	113	115	114	113
114	113	112	114	113	112
113	112	111	113	112	111
112	111	110	112	111	110
111	110	109	111	110	109
110	109	108	110	109	108
109	108	107	109	108	107
108	107	106	108	107	106
107	106	105	107	106	105
106	105	104	106	105	104
105	104	103	105	104	103
104	103	102	104	103	102
103	102	101	103	102	101
102	101	100	102	101	100
101	100	99	101	100	99
100	99	98	100	99	98
99	98	97	99	98	97
98	97	96	98	97	96
97	96	95	97	96	95
96	95	94	96	95	94
95	94	93	95	94	93
94	93	92	94	93	92
93	92	91	93	92	91
92	91	90	92	91	90
91	90	89	91	90	89
90	89	88	90	89	88
89	88	87	89	88	87
88	87	86	88	87	86
87	86	85	87	86	85
86	85	84	86	85	84
85	84	83	85	84	83
84	83	82	84	83	82
83	82	81	83	82	81
82	81	80	82	81	80
81	80	79	81	80	79
80	79	78	80	79	78
79	78	77	79	78	77
78	77	76	78	77	76
77	76	75	77	76	75
76	75	74	76	75	74
75	74	73	75	74	73
74	73	72	74	73	72
73	72	71	73	72	71
72	71	70	72	71	70
71	70	69	71	70	69
70	69	68	70	69	68
69	68	67	69	68	67
68	67	66	68	67	66
67	66	65	67	66	65
66	65	64	66	65	64
65	64	63	65	64	63
64	63	62	64	63	62
63	62	61	63	62	61
62	61	60	62	61	60
61	60	59	61	60	59
60	59	58	60	59	58
59	58	57	59	58	57
58	57	56	58	57	56
57	56	55	57	56	55
56	55	54	56	55	54
55	54	53	55	54	53
54	53	52	54	53	52
53	52	51	53	52	51
52	51	50	52	51	50
51	50	49	51	50	49
50	49	48	50	49	48
49	48	47	49	48	47
48	47	46	48	47	46
47	46	45	47	46	45
46	45	44	46	45	44
45	44	43	45	44	43
44	43	42	44	43	42
43	42	41	43	42	41
42	41	40	42	41	40
41	40	39	41	40	39
40	39	38	40	39	38
39	38	37	39	38	37
38	37	36	38	37	36
37	36	35	37	36	35
36	35	34	36	35	34
35	34	33	35	34	33
34	33	32	34	33	32
33	32	31	33	32	31
32	31	30	32	31	30
31	30	29	31	30	29
30	29	28	30	29	28
29	28	27	29	28	27
28	27	26	28	27	26
27	26	25	27	26	25
26	25	24	26	25	24
25	24	23	25	24	23
24	23	22	24	23	22
23	22	21	23	22	21
22	21	20	22	21	20
21	20	19	21	20	19
20	19	18	20	19	18
19	18	17	19	18	17
18	17	16	18	17	16
17	16	15	17	16	15
16	15	14	16	15	14
15	14	13	15	14	13
14	13	12	14	13	12
13	12	11	13	12	11
12	11	10	12	11	10
11	10	9	11	10	9
10	9	8	10	9	8
9	8	7	9	8	7
8	7	6	8	7	6
7	6	5	7	6	5
6	5	4	6	5	4
5	4	3	5	4	3
4	3	2	4	3	2
3	2	1	3	2	1
2	1	0	2	1	0
1	0	0	1	0	0

TECHNOLOGY THAT WORKS FOR LIFE

**Samsung**  
4-Head Hi-Fi Stereo VCR



Jog & Shuttle  
Auto Tracking

**SAMSUNG**  
ELECTRONICS

Continued on next page

NASDAQ NATIONAL MARKET															4 pm close June 14												
Stock	Chg.	PV	High	Low	Clas	Stock	Chg.	PV	High	Low	Clas	Stock	Chg.	PV	High	Low	Clas	Stock	Chg.	PV	High	Low	Clas				
ABB Inc.	0.12	70	25	15	15	+	Delta	0.20	33	5	6	6	+	Kaiser	0.08	11	135	22	22	+	100	0.12	7	25	15	15	+
ACI Corp.	0.12	70	25	15	15	+	Delta	0.20	33	5	6	6	+	Kaiser	0.08	11	135	22	22	+	100	0.12	7	25	15	15	+
ACI Corp.	0.12	70	25	15	15	+	Delta	0.20	33	5	6	6	+	Kaiser	0.08	11	135	22	22	+	100	0.12	7	25	15	15	+
ACI Corp.	0.12	70	25	15	15	+	Delta	0.20	33	5	6	6	+	Kaiser	0.08	11	135	22	22	+	100	0.12	7	25	15	15	+
ACI Corp.	0.12	70	25	15	15	+	Delta	0.20	33	5	6	6	+	Kaiser	0.08	11	135	22	22	+	100	0.12	7	25	15	15	+
ACI Corp.	0.12	70	25	15	15	+	Delta	0.20	33	5	6	6	+	Kaiser	0.08	11	135	22	22	+	100	0.12	7	25	15	15	+
ACI Corp.	0.12	70	25	15	15	+	Delta	0.20	33	5	6	6	+	Kaiser	0.08	11	135	22	22	+	100	0.12	7	25	15	15	+
ACI Corp.	0.12	70	25	15	15	+	Delta	0.20	33	5	6	6	+	Kaiser	0.08	11	135	22	22	+	100	0.12	7	25	15	15	+
ACI Corp.	0.12	70	25	15	15	+	Delta	0.20	33	5	6	6	+	Kaiser	0.08	11	135	22	22	+	100	0.12	7	25	15	15	+
ACI Corp.	0.12	70	25	15	15	+	Delta	0.20	33	5	6	6	+	Kaiser	0.08	11	135	22	22	+	100	0.12	7	25	15	15	+
ACI Corp.	0.12	70	25	15	15	+	Delta	0.20	33	5	6	6	+	Kaiser	0.08	11	135	22	22	+	100	0.12	7	25	15	15	+
ACI Corp.	0.12	70	25	15	15	+	Delta	0.20	33	5	6	6	+	Kaiser	0.08	11	135	22	22	+	100	0.12	7	25	15	15	+
ACI Corp.	0.12	70	25	15	15	+	Delta	0.20	33	5	6	6	+	Kaiser	0.08	11	135	22	22	+	100	0.12	7	25	15	15	+
ACI Corp.	0.12	70	25	15	15	+	Delta	0.20	33	5	6	6	+	Kaiser	0.08	11	135	22	22	+	100	0.12	7	25	15	15	+
ACI Corp.	0.12	70	25	15	15	+	Delta	0.20	33	5	6	6	+	Kaiser	0.08	11	135	22	22	+	100	0.12	7	25	15	15	+
ACI Corp.	0.12	70	25	15	15	+	Delta	0.20	33	5	6	6	+	Kaiser	0.08	11	135	22	22	+	100	0.12	7	25	15	15	+
ACI Corp.	0.12	70	25	15	15	+	Delta	0.20	33	5	6	6	+	Kaiser	0.08	11	135	22	22	+	100	0.12	7	25	15	15	+
ACI Corp.	0.12	70	25	15	15	+	Delta	0.20	33	5	6	6	+	Kaiser	0.08	11	135	22	22	+	100	0.12	7	25	15	15	+
ACI Corp.	0.12	70	25	15	15	+	Delta	0.20	33	5	6	6	+	Kaiser	0.08	11	135	22									

4 pm close June 76

[illegible]

**FINANCIAL TIMES**

### Perrier battle ends with something for everyone

\_\_\_\_\_

\_\_\_\_\_

... ..

---

— *Journal of the American Medical Association*, 1990; 263: 1033-1035

[illegible]

Cordis Corp	20	2672	47%	45%	46%	+7
Dyn A	48	460	110%	18%	16%	
Graciar S x 0.02	28	1950	20	23%	24	+2
Gray Comp	1	473	1%	1%	1%	
Crown Res	37	20	0	5%	0	
Cytogen	5	5429	8%	5%	5%	+1

<b>- D -</b>							
OSC Co		417	487	22%	21%	22%	+1
North Corp	0.13	18	210%	7%	70	70	+3
Optics	12	982	2%	2%	2%		
Quintan	37	317	16%	0	0		
Quintan	10	120	47	16%	16%		

J&J Snack	15	392				
Jasco Inc	0.26	15	54			
J&J Inc	0.10	26	54			
Johnson W	56	24				
Johns Inc	18	20				
James Med	10	110				
Jayco Corp	1.20	12				
J&J Inc	0.10	26				
Johnson W	56	24				

DauphinOp	0.82	12	198	23 <sup>1</sup>	25	36	Jurkin	0.10	9	280
-----------	------	----	-----	-----------------	----	----	--------	------	---	-----

[illegible]

Figure 1. The effect of the concentration of the *Agrobacterium* suspension on the transformation efficiency of *Agrobacterium* strains. The concentration of the *Agrobacterium* suspension was 10<sup>6</sup> cells/ml (○), 10<sup>7</sup> cells/ml (□), 10<sup>8</sup> cells/ml (△), and 10<sup>9</sup> cells/ml (◇). The error bars represent the standard deviation of three independent experiments.

[illegible]

16-4	10-8	-6	Phibroni	18	33	95 <sub>8</sub>	91 <sub>4</sub>	81 <sub>2</sub>		York Risch	
12	12	-1 <sub>4</sub>	Prod Ops	0.24	24	647	27 <sup>1</sup> / <sub>2</sub>	28 <sup>3</sup> / <sub>4</sub>	26 <sup>7</sup> / <sub>8</sub>	+1 <sub>2</sub>	Zion/Robt

1.  $\frac{1}{2} \times \frac{1}{2} = \frac{1}{4}$

1 610 144d135<sub>4</sub> 13<sub>7</sub> -<sub>12</sub>  
13 53 24 24 24 24  
23 1200 48<sub>4</sub> 47<sub>2</sub> 47<sub>2</sub> -<sub>16</sub>  
70 1108 35<sub>2</sub> 34<sub>2</sub> 36 -<sub>16</sub>  
12 45 144d135<sub>4</sub> 14 +<sub>4</sub>  
26 1367 d21<sub>4</sub> 20<sub>2</sub> 21  
21 1360 3<sub>2</sub> 3<sub>4</sub> 3<sub>2</sub>  
4 120 8<sub>4</sub> 5 5<sub>4</sub> +<sub>4</sub>

**X - Y - Z -**

24 3604 38<sub>2</sub> 37 37<sub>4</sub> -<sub>4</sub>  
2 807 3<sub>4</sub> 3<sub>4</sub> 3<sub>4</sub>  
2 807 3<sub>4</sub> 3<sub>4</sub> 3<sub>4</sub>

27	3883	15-8	10 <sub>4</sub>	10 <sub>2</sub>	5-8
33	232	4 <sub>2</sub>	4	4	1-8
10	40	41 <sub>2</sub>	41	41 <sub>2</sub>	4-8

1. *Chlorophyll a* and *Chlorophyll b* were determined by the method of Arar and Collins (1971) using a Shimadzu 1010 spectrophotometer. The concentration of chlorophylls was expressed in  $\mu\text{g mL}^{-1}$  of the sample.

AMERICA

# Data aid Dow to overcome early worries

Wall Street

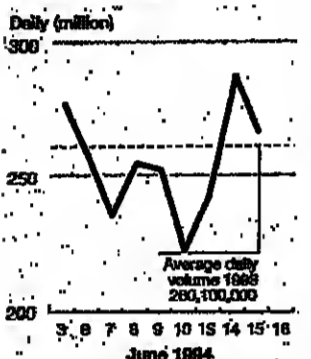
Blue chips pushed moderately higher as investors took strong economic news as a positive sign, and shrugged off early weakness in bonds, writes Frank McGurk in New York.

By 1 pm, the Dow Jones Industrial Average was 11.73 ahead at 3,802.14. But the more broadly based Standard & Poor's 500 lagged behind, climbing a scant 0.37 to 460.98, as declines led advances by 1,024 to 865. The American SE composite lost 1.69 at 440.58 and the Nasdaq composite shed 1.71 to 734.13.

While the Dow industrials were never completely decoupled from the trend in bonds yesterday morning, the benchmark index did assert a measure of independence.

The morning's economic

NYSE volume



news was consistent with the view that the economy remained on sound footing, in spite of the recent rise in interest rates. However, many investors were concerned by the day's data, and such worries were even more apparent in the secondary markets.

The Commerce Department said that housing starts had climbed 2.6 per cent in May, confounding expectations of a 0.8 per cent decline. Initial claims for unemployment benefit showed a marked decline of 11,000 compared with last week. Thirdly, the monthly survey of business conditions by the Federal Reserve of Philadelphia was generally positive.

But most of the data was clearly unfavourable to bonds, which extended heavy losses struck the previous session in early trading yesterday. Nevertheless, blue chips opened in positive ground and remained there. A subsequent reversal by bonds, thanks to a softer tone in commodity prices, was a bonus.

In a switch from experience early in the week, Exxon assumed the leadership in the Dow's modest rally. Most of the other components moved in a very narrow range.

Exxon, which had reached a 52-week low during the previous session, climbed 1% to

EUROPE

# Milan under pressure after interest rate warning

The bear market in bonds continued to wreak havoc in European equity markets, writes Our Markets Staff.

MILAN came under renewed pressure as worries about the outlook for the economy and interest rates further soured the mood. The Comit index, which had posted losses on each of the previous five sessions, fell another 14.73, or 2.1 per cent, to 700.69, prompting expectations that it would test support at the 650-point level before upward momentum could be regained.

Mr. Tancredi Bianchi, head of the Italian Banking Association, warned late on Wednesday that Italian rates could rise by a full percentage point before the end of the year if there were no change in the international outlook. This compounded an already nervous mood as the new account began with the market facing a hefty round of cash calls.

Blue chips bore the brunt of the selling, with Fiat off 1.32, or 3.3 per cent, at 14,200. Olivetti down 1.85, or 3.4 per cent, at 12,405 and Pirelli losing 1.19, or 4.5 per cent, at 12,519. Against the trend, Mondadori, which had been marked sharply lower earlier in the week, bounced 11.05, or 7.1 per cent, to 1,616.30 as its 1,900th share offer began.

FRANKFURT was sandbagged again by bond market weakness, said Mr. Eckhard Fehrm at Merck Bank in Düsseldorf, but it was worried, too, about the weaker dollar, and about technical aspects of the market with DFB contracts due to expire today, and the Daimler rights issue to

begin on Monday.

The Dax index fell 19.79 to 2,064.91 on the session, hit 2,040.88 at the bottom of the post-bourse and recovered to 2,047.29 at the end of the day on the hope that there might be some recovery potential on options expiry today.

Turnover fell from DM7.6bn to DM6.7bn. Veba, the energy, chemicals and oils group, recovered intraday, moving from DM498.50, down DM8.90 on the session to DM506 at the end of the afternoon. Merck Finck, Hoechst and Goldman Sachs have all landed the group's earnings potential.

PARIS maintained its downward, although early weakness was softened slightly by a further easing from the Bank of France in the intervention rate, something which had largely been discounted by investors.

The CAC-40 index lost 23.58 or 1.2 per cent to 1,942.51, putting in a late spurt at the end of the day to rise above a session low of 1,931.

Baring Securities said that investors should return to the market during the third quarter before the publication of first half results in mid-September/October, likely to show a significant improvement in company earnings.

St Gobain closed unchanged at FF729 and said that it might increase its stake in Essilor, the manufacturer of spectacles lenses.

ASIA PACIFIC

# Hong Kong dips 1.4%, Nikkei makes upward move

Tokyo

Share prices gained ground for the first time in three trading days on buying by individual investors and dealers, but volume remained low due to lingering caution, writes Erika Terazono in Tokyo.

The Nikkei 225 average was up 84.51 at 21,367.47 after a day's low of 21,273.95 and high of 21,389.98. Foreign investors, who had been leading buyers during the past few weeks, were absent, as were domestic institutions.

Volume amounted to 382.8m shares, against 468m. The Topix index of all first section stocks put on 0.26 at 1,698.53 while the Nikkei 300 rose 0.05 to 308.55. Advances outnumbered falls by 524 to 475, with 184 issues unchanged. In London the ISE/Nikkei 50 index was 2.05 firmer at 1,394.58.

Traders said that in spite of the day's gains, the correction was likely to continue next week. However, many believe the downside to be limited. "Most corporate and financial investors who wanted to take profits did so when the Nikkei broke through the 21,500 level," said Mr. Yasuo Ueki at Nikko Securities.

Meanwhile, rumours that a US hedge fund had bought put options, expecting the index to fall below 20,000, kept many domestic investors nervous.

Dealers took their cue from the rise in crude oil and gold prices on overseas markets, buying up resource-related stocks.

Non-ferrous metals gained ground, including Sumitomo Metal Mining, which firmed Y2 to Y274, Mitsubishi Materials, advancing Y25 to Y275, and Mitsui Mining and Smelting, gaining Y10 to Y459.

Oil shares were also higher, with Teikoku Oil up Y5 to Y796

and Kamei, a petroleum wholesaler, adding Y60 to Y1,480.

Individuals dabbled in speculative favourites. Brother Industries, the sewing machine maker, surged ahead Y27 to Y763, Yokohama Rubber advancing Y12 to Y736 and Miyoshi Y11 to Y385.

Large capital blue chips continued to face profit-taking. Mitsubishi Heavy Industries, the most active issue of the day, eased Y1 to Y797 and Nippon Steel shed Y2 to Y360.

Banks were lower in spite of the absence of arbitrage selling. Dai-ichi Kangyo Bank dipped Y10 to Y1,960 and Bank of Tokyo Y20 to Y1,620.

In Osaka, the OSE average receded 15.55 to 2,610.55 in volume of 34.5m shares.

Roundup

A number of regional markets were under pressure.

HONG KONG fell 1.4 per cent, under selling pressure aimed at property shares and with overseas investors seen switching their funds into Japan and the US. The Hang Seng index retreated 126.50 to 9,022.92 in thin turnover of HK2.94bn.

The property sub-index dropped 2.6 per cent amid worries that the government's recent measures to cool the overheated residential property market could hit the profits of major property developers.

There was also growing that the government might take action aimed at the commercial property sector.

SYDNEY continued to be undermined by sharply weaker bond prices and equities finished at their lowest level for more than a month. The All Ordinaries index lost 13.4 at 2,066.0. The All Industrials index fell 25.2 to 2,995.6, near to its 10-month low.

MANILA attempted to put a

FT-SE Actuaries Share Indices

	Jun 16	Jun 15	Jun 14	Jun 13	Jun 12	Jun 11	Jun 10	Jun 9
FT-SE Actuaries 100	1359.89	1358.88	1358.23	1358.47	1358.02	1358.10	1358.84	1358.76
FT-SE Actuaries 200	1384.28	1383.78	1383.31	1383.43	1383.82	1383.75	1383.88	1383.07
FT-SE Actuaries 300	1376.41	1375.84	1375.32	1375.45	1375.87	1375.80	1375.93	1375.04
FT-SE Actuaries 400	1408.08	1407.51	1407.04	1407.16	1407.58	1407.51	1407.64	1406.94

June 1994 (previous trading days) 100 - 1358.07; 200 - 1383.30; 300 - 1375.25; 400 - 1383.45

The group also said that it expected to report a significant rise in 1994 profits.

AMSTERDAM closed at a new low for the year as the equity market continued to take its lead from weakness in bonds. The AEX index dipped 5.04 or 1.2 per cent to 395.74, just above the session low of 395.42.

DSM was dragged down by FI 3.50 to FI 124.30 as selling on the options exchange took hold. There was also reported switching out of the group into other European chemical groups. Also weakened in line with the day's trend, finishing off FI 3.00 at FI 208.70.

Ahold, which reported first quarter profits of some FI 110m, eased 60 cents to FI 46.50, while Royal Dutch fell by a similar amount to FI 198.30 as the oil price hit its highest level for 12 months.

ZURICH failed to sustain an afternoon recovery and the SMI index gave up 35.2 to 2,686.6 in response to the weakness of bonds and the dollar.

Finmeccanica remained under pressure with UBS bearers losing SF34 or 2.9 per cent to SF1,140. CS Holding was SF15 lower at SF550 and SBC lost SF10 to SF383.

Among pharmaceuticals,

Roche certificates gave up SF80 to SF5,600 while the recently weak Glaxo registered lost SF71 to SF326 and Sandoz registered dipped SF14 to SF715.

Nestlé fell SF15 to SF1,145. UBS, which recommends the stock, commented that the favourable medium-term outlook for the group should help it to outperform its European peer group.

Swissair lost SF10 to SF767 as the market awaited a statement after the market closed, following a press report that the group planned to take a near 50 per cent stake in Sabena. In the event, Swissair said it was holding talks with several airlines.

MADRID lost just over 2 per cent, the general index closing 6.49 lower at 311.31 with turnover up again, to nearly Pt44bn. Construction stocks were hardest hit with Dragados down Pt100, or 4.4 per cent to Pt3,090 and Valdearri was Pt490, or 4.1 per cent lower at Pt11,220.

ISTANBUL kept 7.4 per cent as the supreme court overruled an application to block the government's aim to speed up the privatisation process. The composite index added 1,320.75 to 19,321.67, after

EUROPEAN EQUITIES TURNOVER

Source	Feb 1994	Mar 1994	Apr 1994	May 1994	Jun 1994
Belgium	95.78	83.75	89.93	73.08	2.16
France	244.82	218.85	145.17	176.16	31.18
Germany	178.59	214.73	183.00	181.07	81.80
Italy	78.100	80.980	105.964	88.228	82.34
Netherlands	32.00	35.10	25.20	21.80	11.82
Spain	1,400.80	1,491.24	1,160.49	1,340.00	3.88
Switzerland	33.90	32.02	23.93	26.12	18.08
UK	59.80	61.14	48.57	44.27	68.09

Values represent purchases and sales. Index data adjusted to include off-market trading. Some figures may be revised. Source: NatWest Securities

European volumes continued to slip back as the summer began to take hold last month. According to Mr. James Cornish of NatWest Securities, who compiled the data, turnover in Europe declined by 8.6 per cent in May compared to April, having already fallen by 12 per cent in April from March.

"Once again, it was the fall in US Treasury bond prices that was the main bearish influence on European markets, which failed to benefit from an unexpected cut in German official rates on May 11," he says.

International investors also lifted their sales, with turnover in European stocks traded on S&P International in London, as a proportion of business in Continental domestic markets, rising to 16.3 per cent in May from 15.8 per cent in April.

France saw the biggest rise in May's activity - in spite of a 6 per cent fall in the index, turnover was up nearly 21 per cent; but, reports Mr. Cornish, it was still down 13.6 per cent on the average of the previous three months, suggesting a resumption of selling pressure under the threat of rights issues and the UAP privatisation.

Italian volumes declined by 6.4 per cent in May after April's record high, with the market itself dropping 8.5 per cent as profits were taken following the victory of Mr. Berlusconi in the general election.

touching a mid-session high of 19.11.

WARSAW rallied nearly 6 per cent but traders said that the outlook remained mixed. The Wig index rose 453.5 to 8,866.5 and turnover by 34 per cent to 1,200bn zlotys.

Brokers added that the mar-

ket's rise could signal that the market was bottoming out from a two-week fall, during which the index hit its lowest level since last October.

Written and edited by William Cochrane, John Pitt and Michael Morgan

# S African golds advance 4.5%

Gold shares closed sharply higher in Johannesburg as domestic investors were heartened by the bullion price, which broke out of its narrow trading range to trade just short of the \$388 an ounce resistance level.

The golds index, which jumped more than 3 per cent in the first half-hour of trade, ended 94, or 4.5 per cent, ahead at 2,185 in spite of some mild profit-taking near the close.

The rest of the market was mixed in quiet trade after Wednesday's gains, with a stronger financial market depressing some prices. The overall index gained 27.48 at 5,774 while industrials needed 13 to 6,744. De Beers closed 75 cents off at \$115.25 but Anglo added \$1 at \$242. Among golds, Val Reef forged ahead \$15.50 to \$430 and Kloof put on \$2.75 at \$56.25.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

REGIONAL MARKETS								WEDNESDAY JUNE 18 1994								THURSDAY JUNE 14 1994								DOLLAR INDEX						
Figures in parentheses show number of firms of	US Dollar Index	Day's Change %	Point	YTD %	Local Currency	% chg	Gross Yield	US Dollar Index	Day's Change %	Point	YTD %	Local Currency	% chg	Gross Yield	US Dollar Index	Day's Change %	Point	YTD %	Local Currency	% chg	Gross Yield	US Dollar Index	Day's Change %	Point	YTD %	Local Currency	% chg	Gross Yield		
Australia (50)	172.98	-0.1	168.08	112.34	147.08	157.20	-0.2	3.50	173.05	188.07	112.90	147.88	157.82	156.15	134.38	172.98	-0.1	168.08	112.34	147.08	157.20	-0.2	3.50	173.05	188.07	112.90	147.88	157.82	156.15	134.38
Austria (17)	183.33	1.4	178.78	119.47	155.07	155.75	-0.1	1.03	180.71	178.56	117.27	154.48	154.45	152.61	147.38	183.33	1.4	178.78	119.47	155.07	155.75	-0.1	1.03	180.71	178.56	117.27	154.48	154.45	152.61	147.38
Belgium (37)	168.51	-0.5	164.23	109.44	143.27	138.76	-0.1	3.95	167.86	165.81	108.90	138.80	176.67	142.02	144.80	168.51	-0.5	164.23	109.44	143.27	138.76	-0.1	3.95	167.86	165.81	108.90	138.80	176.67	142.02	144.80
Canada (109)	127.21	-0.7	124.08	82.82	108.18	127.80	-0.7	2.66	128.15	125.21	83.17	109.55	128.49	145.31	127.78	127.21	-0.7	124.08	82.82	108.18	127.80	-0.7	2.66	128.15	125.21	83.17	109.55	128.49	145.31	127.78
Denmark (83)	281.48	0.2	248.18	185.94	217.22	222.21	-0.4	1.38	284.37	248.12	185.47	223.07	275.78	207.58	215.88	281.48	0.2	248.18	185.94	217.22	222.21	-0.4	1.38	284.37	248.12	185.47	223.07	275.78	207.58	215.88
Finland (25)	136.56	2.0	131.19	88.99	118.11	157.16	1.9	2.45	135.87	133.80	80.88	114.44	154.72	85.59	85.30	136.56	2.0	131.19	88.99	118.11	157.16	1.9	2.45	135.87	133.80	80.88	114.44	154.72	85.59	85.30
France (97)	183.94	-0.6	180.89	106.48	139.30	143.42	-1.2	3.14	184.92	181.13	107.02	140.98	145.14	185.57	146.80	183.94	-0.6	180.89	106.48	139.30	143.42	-1.2	3.14	184.92	181.13	107.02	140.98	145.14	185.57	146.80
Germany (58)	134.67	0.3	131.34	87.47	114.89	114.80	-0.2	3.19	132.97	130.40	84.04	114.75	114.77	107.59	112.70	134.67	0.3	131.34	87.47	114.89	114.80	-0.2	3.19	132.97	130.40	84.04	114.75	114.77	107.59	112.70
Hong Kong (58)	374.79	0.3	365.32	243.43	318.08	371.58	0.4	3.19	372.97	369.40	242.04	318.84	370.43	508.58	272.42	374.79	0.3	365.32	243.43	318.08	371.58	0.4	3.19	372.97	369.40	242.04	318.84	370.43	508.58	272.42
Ireland (14)	198.30	0.3	191.08	121.01	158.40	175.75	-0.5	3.48	195.79	191.20	122.85	188.60	176.65	209.33	185.83	198.30	0.3	191.08	121.01	158.40	175.75	-0.5	3.48	195.79	191.20	122.85	188.60	176.65	209.33	185.83
Italy (80)	148.86	-1.4	142.75	85.11	121.14	100.88	-1.8	1.39	148.08	145.08	85.65	73.57	102.78	87.78	84.80	148.86	-1.4	142.75	85.11	121.14	100.88	-1.8	1.39	148.08	145.08	85.65	73.57	102.78	87.78	84.80
Japan (18)	165.88	-0.6	161.27	107.40	140.00	107.40	-0.4	0.71	168.10	162.28	107.79	142.00	107.79	168.34	151.80	165.88	-0.6	161.27	107.40	140.00	107.40	-0.4	0.71	168.10	162.28	107.79	142.00	107.79	168.34	151.80
Malaysia (16)	165.88	1.8	161.27	107.40	140.00	107.40	-0.4	0.71	168.10	162.28	107.79	142.00	107.79	168.34	151.80	165.88	1.8	161.27	107.40	140.00	107.40	-0.4	0.71	168.10	162.28	107.79	142.00	107.79	168.34	151.80
Mexico (18)	1873.16	0.4	1824.24	1281.59	1677.55	1725.29	0.1	1.87	1884.32	1818.38	1274.88	1757.37	2245.97	1847.59	1478.20	1873.16	0.4	1824.24	1281.59	1677.55	1725.29	0.1	1.87	1884.32	1818.38	1274.88	1757.37	2245.97	1847.59	1478.20
Netherlands (27)	201.41	0.6	198.42	130.82	171.25	188.32	0.0	3.38	200.20	195.80	129.92	171.16	188.27	207.43	184.22	201.41	0.6	198.42	130.82	171.25	188.32	0.0	3.38	200.20	195.80	129.92	171.16	188.27	207.43	184.22
New Zealand (14)	88.73	1.7	87.05	44.64	68.44	62.17	1.8	3.95	87.81	86.08	43.98	67.80	61.27	77.59	48.80	88.73	1.7	87.05	44.64	68.44	62.17	1.8	3.95	87.81	86.08	43.98	67.80	61.27	77.59	48.80
Norway (23)	145.19	0.5	140.85	85.78	117.63	125.63	0.4	1.55	146.77	143.54	86.25	118.25	145.00	150.81	145.19	145.19	0.5	140.85	85.78	117.63	125.63	0.4	1.55	146.77	143.54	86.25	118.25	145.00	150.81	145.19
Sweden (39)	185.43	0.9	180.84	120.44	157.68	178.89	0.4	1.05	183.77	178.54	118.25	157.09	177.85	206.42	150.81	185.43	0.9	180.84	120.44	157.68	178.89	0.4	1.05	183.77	178.54	118.25	157.09	177.85	206.42	150.81
South Africa (59)	279.54	-0.2	272.82	181.56	237.87	252.54	-0.7	2.16	280.34	273.00	161.80	227.89	237.43	184.22	185.80	279.54	-0.2	272.82	181.56	237.87	252.54	-0.7	2.16	280.34	273.00	161.80	227.89	237.43	184.22	185.80
Spain (42)	149.08	-1.1	145.57	92.29	120.81	144.81	-1.6	3.89	147.72	144.41	93.87	122.85	102.75	87.78	84.80	149.08	-1.1	145.57	92.29	120.81	144.81	-1.6	3.89	147.72	144.41	93.87	122.85	102.75	87.78	84.80
Switzerland (47)	214.79	1.0	209.48	139.51	182.63	240.72	0.4	1.50	212.84	207.79	138.00	181.78	249.68	231.38	183.85	214.79	1.0	209.48	139.51	182.63	240.72	0.4	1.50	212.84	207.79	138.00	181.78	249.68	231.38	183.85
United Kingdom (200)	193.93	-0.3	187.36	124.21	157.19	157.28	-1.1	1.77	191.69	187.97	104.93	138.22	138.93	174.58	124.45	193.93	-0.3	187.36	124.21	157.19	157.28	-1.1	1.77	191.69	187.97	104.93	138.22	138.93	174.58	124.45
USA (618)	187.78	-0.4	183.13	121.96	159.65	187.78	-0.4	2.88	188.49	184.16	122.32	161.03	164.04	214.88	170.32	187.78	-0.4	183.13	121.96	159.65	187.78	-0.4	2.88	188.49	184.16	122.32	161.03	164.04	214.88	170.32
EUROPE (718)	164.94	-0.1	160.98	107.13	140.24	152.78	-0.4	3.26	164.25	161.08	106.98	140.82	158.57	170.58	141.58	164.94	-0.1	160.98	107.13	140.24	152.78	-0.4	3.26	164.25	161.08	106.98	140.82	158.57	170.58	141.58
North America (118)	204.17	-0.3	199.11	132.81	173.59	205.13	-0.4	1.48	202.27	197.82	131.28	172.91	204.35	220.83	184.15	204.17	-0.3	199.11	132.81	173.59	205.13	-0.4	1.48	202.27	197.82	131.28	172.91	204.35	220.83	184.15
Pacific Basin (152)	172.98	-0.3	168.07	112.34	147.08	157.20	-0.2	1.03	173.44	169.45	112.90	147.88	157.82	156.15	134.38	172.98	-0.3	168.07	112.34	147.08	157.20	-0.2	1.03	173.44	169.45	112.90	147.88	157.82	156.15	134.38
Asia-Pacific (1408)	168.51	-0.5	164.23	109.44	143.27	138.76	-0.1	3.95	167.86	165.81	108.90	138.80	176.67	142.02	144.80	168.51	-0.5	164.23	109.44	143.27	138.76	-0.1	3.95	167.86	165.81	108.90	138.80	176.67	142.02	144.80
North America (118)	204.17	-0.3	199.11	132.81	173.59	205.13	-0.4	1.48	202.27	197.82	131.28	172.91	204.35	220.83	184.15	204.17	-0.3	199.11	132.81	173.59	205.13	-0.4	1.48	202.27	197.82	131.28	172.91	204.35	220.83	184.15
Europe Excl. UK (614)	148.84	-0.1	144.67	98.35	128.12	138.08	-0.7	2.85	148.07	145.05	98.25	123.92	102.75	87.78	84.80	148.84	-0.1	144.67	98.35	128.12	138.08	-0.7	2.85	148.07	145.05	98.25	123.92	102.75	87.78	84.80
Pacific Excl. Japan (587)	248.07	-0.7	242.72	181.55	211.80	223.95	-0.8	2.89	247.20	241.70	181.55	211.80	223.95	207.43	184.22	248.07	-0.7	242.72	181.55	211.80	223.95	-0.8	2.89	247.20	241.70	181.55	211.80	223.95	207.43	184.22
World Ex. UK (Japan 281)	248.07	-0.7	242.72	181.55	211.80	223.95	-0.8	2.89	247.20	241.70	181.55	211.80	223.95	207.43	184.22	248.07	-0.7	242.72	181.55	211.80	223.95	-0.8	2.89	247.20	241.70	181.55	211.80	223.95	207.43	184.22
World Ex. UK (Japan 281)	248.07	-0.7	242.72	181.55	211.80	223.95	-0.8	2.89	247.20	241.70	181.55	211.80	223.95	207.43	184.22	248.07	-0.7	242.72	181.55	211.80	223.95	-0.8	2.89	247.20	241.70	181.55	211.80	223.95	207.43	184.22
World Ex. UK (Japan 281)	248.07	-0.7	242.72	181.55	211.80	223.95	-0.8	2.89	247.20	241.70	181.55	211.80	223.95	207.43	184.22	248.07	-0.7	242.72	181.55	211.80	223.95	-0.8	2.89	247.20	241.70	181.55	211.80	223.95	207.43	184.22
World Ex. UK (Japan 281)	248.07	-0.7	242.72	181.55	211.80	223.95	-0.8	2.89	247.20	241.70	181.55	211.80	223.95	207.43	184.22	248.07	-0.7	242.72	181.55	211.80	223.95	-0.8	2.89	247.20	241.70	181.55	211.80	223.95	207.43	184.22
World Ex. UK (Japan 281)	248.07	-0.7	242.72	181.55	211.80	223.95	-0.8	2.89	247.20	241.70	181.55	211.80	223.95	207.43	184.22	248.07	-0.7	242.72	181.55	211.80	223.95	-0.8	2.89	247.20	241.70	181.55	211.80	223.95	207.43	184.22
World Ex. UK (Japan 281)	248.07	-0.7	242.72	181.55	211.80	223.95	-0.8	2.89	247.20	241.70	181.55	211.80	223.95	207.43	184.22	248.07	-0.7	242.72	181.55	211.80	223.95	-0.8	2.89	247.20	241.70	181.55	211.80	223.95	207.43	184.22
World Ex. UK (Japan 281)	248.07	-0.7	242.72	181.55	211.80	223.95	-0.8	2.89	247.20	241.70	181.55	211.80	223.95	207.43	184.22	248.07	-0.7	242.72	181.55	211.80	223.95	-0.8	2.89	247.20	241.70	181.55				

## RECRUITMENT

**JOB:** Personnel policies should be central to the overall strategy of a company, but all too often they are not

## Putting a fence around the workplace

The personnel policies of a company ought to be a vital component of its overall strategy, but all too frequently they are not. This is the main assertion of a fascinating new study on human resource management in British multi-divisional companies.

Widespread internal restructuring may be going on across the corporate scene. Yet employee relations issues "are rarely taken into account". Indeed, as companies introduce more rigorous financial control it becomes more difficult for them to adopt management styles "based on beliefs about the best way to manage people at work".

"The influence of personnel management over strategic decisions is limited" and the "management of employee relations is deemed to be an operational matter wherever it is located", argues the study.

As a result, its authors Dr John Purcell of Templeton College, Oxford and Dr Bruce Ahlstrand at Trent University, Ontario, argue the corporate institutions and procedures dealing with employees have had to be fitted "often forcibly" into a mould created by change initiated by companies completely outside the industrial relations arena.

The authors argue persuasively that not enough attention has been

paid to the fact that "the human resources of particular operating units fail to recognise that these units are often part of a much larger and complex organisational structure". By constructing a fence around the workplace, human resource management enthusiasts obscure its integral position within the multi-divisional company.

Basing their study on nine unnamed companies over a 10-year period, Purcell and Ahlstrand confirm personnel functions have become isolated from the strategic centre of the enterprise. As a result, personnel managers are uncertain of what their role ought to be within the company and take little part in devising corporate strategy.

The book provides a useful and a relatively jargon-free account of how corporate decisions influence human resource management. The authors quote one personnel director who suggests that what drives change in the company is "the realisation that there is no calm water around the next business island".

Apparently "it is no longer a case of belt-tightening or taking short-term action to weather a

storm". Instead, there is a need "to cope with chaos, build for flexibility and find ways of integrating employment relations into the fabric of the organisation".

The authors are right to conclude that while "remarkably few organisations seriously consider questions of management styles and the most effective way to manage their employees", doing nothing or simply reacting to events is no longer good enough. "There is a rationale for designing human resource management to add to competitive advantage and economic success", they argue. Let us hope some companies are listening to this sensible message.

Source: *Human Resource Management in the Multi-divisional Company*, by John Purcell and Bruce Ahlstrand, Oxford University Press, £30.00 hardback, £14.95 paperback.

### Contracting for IT

Growth in the number of skilled staff on short-term contracts of between three and nine months in the information technology sector looks set to become one of the most

important trends in the labour market during the current economic recovery.

"New companies are asking for contractors that have never done so in the past", says Mr Tony Coombes, director at Systems Resources, a software and services company which supplies professional services and systems software to corporate customers. "Large companies have cut to the bone in the IT area during the recession and they are not taking on permanent workers again".

The Coventry-based company has just announced a 58 per cent increase in the number of information technology contract staff taken into employment over the past 12 months to the first week of May to 509, compared with 322 in the previous comparable period.

"One of the reasons for the increase is that contractors can provide the specialist skills that permanent staff do not have, particularly where it would be too costly to retain them. The company can often get the job done more quickly and more cost-effectively than with permanent staff", argues Coombes.

He expects a 50 per cent increase over the next five years in the number of contract workers in information technology to add to the 25,000 currently on the market. "Employers are reluctant to take on extra permanent staff for projected-based work", says Coombes. "Contract staff are a more favourable alternative. Corporate organisations which have felt the consequence of permanent staff reductions over the last two years are now seeing gaps in the development skills they need, to configure the systems they require to remain competitive. The advantages of flexible contract staff is a huge plus for their immediate information technology development."

### Science PhD unease

British employers are becoming concerned at what they believe to be a fall in the quality of PhD science recruits currently and in the future, according to a new study from the Institute of Manpower Studies in Brighton. But the demand for the 3,500 PhD science graduates who leave British universities every year is unlikely to go up

at least until near the end of the decade.

The survey suggests "there is no evidence of a significant trend to a broader recruitment market in general". Just over a third of the PhD science graduates remain in academic life as researchers or teachers, while 30 per cent go into the private sector, with a large number taking up employment in the oil and chemical industries and in research and development and almost 10 per cent to the public sector. "No consistent view emerged from employers about their satisfaction with current PhD training," suggested the study. But it found that they thought there was need for more interpersonal skills training and business awareness from the PhD intake.

Employers also claimed "more formal training had squeezed out creativity and original thought". They added they believed PhD science graduates had grown too specialised and lacked "a breadth of view of their scientific discipline". The Institute of Manpower Studies indicated that "the vast

majority of employers have little or no demand at all" for PhD science graduates because they did not need people on their payrolls with that level of qualification.

But the unemployment level for such science graduates remains at less than 3 per cent, considerably lower than for first degree science graduates which stands at over 10 per cent. The survey suggests, however, they are going to have accept much more flexible forms of working in the future with more short-term contracts.

It is also clear that PhD science graduates in jobs will have to accept a greater commercialisation of their activities. As one major electronics company told the survey: "We are now a business first, which does research. We have changed our shape to be more customer focused and now have more worldly skills for commerce and finance. This has meant fewer PhD's and more general all-round skills".

Source: *Science PhDs and the Labour Market*, Institute of Manpower Studies, Report 265, £30.00 from Martell Building, University of Sussex, Falmer, Brighton BN1 9RF.

Robert Taylor

## CS FIRST BOSTON INVESTMENT MANAGEMENT VP-Global Fixed Income

London

Substantial Package

CS First Boston has developed a reputation over the last 20 years as one of the premier full service investment banking and securities firms with offices throughout the world. The Institutional Investment Management business in London has over US\$13 billion under management and its outstanding reputation has been built in the Foreign Exchange, Money and Fixed Income markets. It is a market leader in central bank advisory work and the remaining client base comprises commercial banks, pension funds, multinational corporations and insurance companies. An outstanding individual is sought to be responsible for the management of client portfolios, coverage of macro economic and market research and client liaison. This is an excellent career move for a hard working, ambitious individual and offers a rare opportunity to join a high profile team in a prestigious organisation.

Aged in your mid 20's to mid 30's you will have a minimum of 4 years experience in Global Fixed Income Fund Management and possess the potential to progress to a more senior level. It would be an advantage if your experience included exposure to Emerging Markets and Foreign Exchange.

The successful individual will be educated to at least first degree level, preferably in economics and be spreadsheet literate. An additional European language would be a distinct advantage.

Interested applicants please send a full resumé to Anthony Cook, Ref 2/1738 at Morgan & Banks Plc, Brettenham House, Lancaster Place, London WC2E 7EN or if you prefer, telephone 071-240 1040. Fax number 071-240 1052.

**Morgan & Banks**  
INTERNATIONAL

## Head of Support Services

Commercial Banking

c. \$150,000 Tax Free

Our client is one of the most progressive and successful Middle East banks. Located in a pleasant part of the Gulf, the bank wishes to build on its strong customer base by continuing to expand its range of services and its use of banking technology.

Reporting to the Chief Executive, the selected candidate will direct the bank's main support areas, namely Operations, Human Resources and Information Technology. The key tasks will be to develop each of these functions and to manage and improve their operational coordination and effectiveness. The training and development of local staff will be an important factor, as will the coaching of a successor.

Salary is as shown and the package includes excellent allowances for housing and transportation, annual home leave and other expatriate benefits. The contract will be for two to three years and there will be a substantial end of service bonus.

Candidates, probably aged around fifty, should have broad domestic and international commercial banking experience at senior management level with a strong background in IT based operations and HR development. A degree or equivalent professional qualification is preferred. Success in the management of change and good interpersonal skills in a multinational environment are essential.

Please send full career and personal details, in confidence, to Andrew Duncan Associates, Oxford House, Oxford Road East, Windsor SL4 1EF.

**Andrew Duncan**  
ASSOCIATES

## Critical role in a leading international investment bank Manager - Operations Control

London c. £70,000 + bonus, car & full banking benefits

Our client is a leading US investment bank with an enviable reputation for profitability and innovation in global securities markets. We now wish to recruit a high calibre business support professional to head a new project team tasked to ensure that operational efficiencies are maximised while risk is minimised.

Working with senior management in the US and in London your responsibilities will include:

- Enhancing management information and controls.
- Improving the quality and timeliness of service delivery.
- Providing solutions to business support issues.
- Specifying and implementing systems improvements.
- Identifying and advising on potential risk exposure.
- Managing and developing a growing team.

Candidates should write to Joe Thomas at BBM Selection, 76 Watling Street, London EC4M 9BJ enclosing a full Curriculum Vitae which should include contact telephone numbers. All applications will be handled in the strictest of confidence.

76, Watling Street,  
London EC4M 9BJ

**BBM**  
SELECTION

Tel: 071-248 3653  
Fax: 071-248 2814

This visible role demands real business understanding, technical competence and strong man-management skills. With several years' exposure to operations management within the securities industry you will combine a sharp control mentality with an enquiring mind and a practical approach to solving problems.

A strong relationship builder, you will possess the interpersonal skills needed to work with traders, management and external contacts at all levels. Young, energetic, of graduate calibre and ideally professionally qualified, you may be an accountant, an auditor, a management consultant or an operations professional.

This exciting opportunity offers exceptional career development potential in an organisation which promotes excellence and rewards achievement.

## Lazard Brothers & Co., Limited

Corporate Finance Executives

ACA's (pre or post qualification),  
Lawyers and experienced Analysts

The Lazard Houses in London, Paris and New York form a major international banking group. Together, the Lazard Houses were the leading advisers in 1993 on European cross-border transactions.

In the United Kingdom, Lazard Brothers' Corporate Finance Division acts for a large number of important clients, spanning both public and private sectors. The Division is enjoying sustained growth, creating further demand for Corporate Finance Executives. Applications are invited from Chartered Accountants with major firms, whether recently qualified or expecting to qualify this summer; from lawyers of a similar standing; from MBA's with a demonstrably relevant background; and from Corporate Finance Analysts completing a training programme with a major institution. We are particularly keen to hear from ACA finalists considering a career in Corporate Finance, who expect to qualify this summer.

These positions are highly sought after and selection criteria will be demanding: candidates must demonstrate impeccable credentials, numeracy, excellent interpersonal skills, creativity and an international outlook. In return, the Bank offers a competitive package, varied and challenging experience and first-rate career prospects.

Those interested are asked to write, enclosing full career details and stating reasons for applying, to The Halsey Consulting Partnership, 34 Brook Street, Mayfair, London W1Y 1YA. Telephone: 071 495 4446. Please quote reference L/440/7.

## JOSLIN ROWE

banking recruitment consultants

### UK Operations Manager

£37-40,000

Leading Global Custodian seeks a Manager to cover its UK Settlement, Dividend Collection and Corporate Actions Services. Successful candidates will currently have a similar role within another Global Custodian, Broker or Fund Management Company. Technical knowledge of procedures and practices in the UK market covering Equities and Gilt is required, as are proven team management skills.

### P&L Regulatory Supervisor

£23,000

City based US House has a requirement for an ACA/ACMA qualified P&L Regulatory Supervisor for its operations area. Successful candidate will have 2-3 years' experience in a major house with exposure to equity derivatives, asset swaps and emerging markets. Role encompasses P&L accounting for all business lines and P&L support for all equity deals. Extensive liaison with front office worldwide.

Joslin Rowe Associates Ltd Bell Court House 11 Blomfield Street London EC2M 7AY  
Telephone 071 638 5286 Facsimile 071 582 9417  
A Member of the Blomfield Group

### Compliance Specialist

£44K

A degree educated Compliance Officer is required by this International Bank as a specialist in its Bonds/Equities area. The role encompasses surveillance and monitoring of trading activities and drafting and compliance of policies and procedures. Training and investigations form an integral part of the role. Aged to early 30's, candidates are required to have experience as a Banking Compliance Officer.

### FX Manager

£30,000

Prime named International Bank seeks an experienced Manager for its large global operation responsible for Foreign Exchange processing and control. Already working in a high volume environment you will have a solid background in FX, to include implementing system projects, and demonstrate strong business acumen and team management skills. Aged to 35.

### APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday. For further information please contact: Philip Whigley on 071 873 3551

## ENERGY DERIVATIVES BROKER

New Plc formed to specialise in Energy swaps and options. Existing management with expertise are looking to augment staff with bright commercial talent. We are interested in:

1. Broker to develop OTC crude swaps and options.
2. Broker to develop end-user business. Suit a marketer with good contacts with airlines/shipowners etc.

Operating from prime Mayfair offices the company offers a stimulating environment with potential for growth. All applicants will be treated in strictest confidence.

Apply in the first instance and in strictest confidence, to:

Sarah Bisset  
Quantum Energy Derivatives PLC  
15 Grosvenor Gardens  
LONDON  
SW1W 0BD

## LATIN AMERICAN EQUITY SALES

London

Our client, a leading US financial institution, is seeking an experienced professional to join its existing team. The successful candidate should be educated to MBA level, preferably with a financial bias, and must be able to demonstrate extensive knowledge of the Latin American markets along with well-developed institutional contacts. A proven track record in selling Latin American

products to UK and European institutions is an essential requirement for this position.

If you have the necessary skills and experience, please send a full cv which will be forwarded to our client unopened. Address to the Security Manager if listing companies to which it should not be sent. Ref: H7058/ET, PA Consulting Group, Advertising and Communications, 123 Buckingham Palace Road, London SW1W 9SR.

**PA Consulting**  
Group  
Creating Business Advantage

Executive Recruitment • Human Resources Consultancy • Advertising and Communications

## TOP OPPORTUNITIES

### SENIOR POSITIONS IN GENERAL MANAGEMENT



## Chief Executive

Córas Iompair Éireann (CIE) is the main Irish authority for the provision of transport within the State. The organisation's group structure includes a holding company and three major operating companies which include Iarróid Éireann/Irish Rail, Bus Éireann/Irish Bus, and Bus Átha Cliath/Dublin Bus.

The current Chief Executive, who also holds the post of Chairman, will be retiring at the end of June and it has been decided to separate the two functions. His successor as Chief Executive must provide effective, professional leadership to the organisation.

Reporting to the Board of CIE, the person appointed will be responsible for the overall management and co-ordination of resources within the group in the provision of all group services. Key tasks will be to provide strategic direction; to ensure the development of plans and budgets; to meet the objectives and targets for transportation services within the guidelines set by the Department of Transport, Energy and Communications; to ensure that each operating company has the necessary leadership and management skills to plan and effect achievements; and, to ensure the execution of plans and

strategies once they are approved by the CIE Board.

We seek somebody who has the ability, drive, leadership skills and enthusiasm to develop strategies and implement policies so that CIE's goals can be achieved.

The successful candidate must have excellent leadership qualities, strong communication and interpersonal skills as well as the maturity, experience and stature to command respect with management colleagues throughout the organisation.

Candidates must have an outstanding record of sustained achievement and excellence in management, and now seek a challenging role in one of the country's largest commercial organisations.

Remuneration and conditions will reflect the importance of this top level appointment.

CIE is an Equal Opportunities Employer.

Please write, enclosing full career details, in strictest confidence, to:

Tom O'Higgins, Price Waterhouse,  
Executive Selection Consultants,  
Gardiner House, Wilton Place,  
Dublin 2, Ireland.

**Price Waterhouse**  
EXECUTIVE SEARCH & SELECTION

**Warsaw**

**\$100-130,000  
Plus  
Substantial  
Incentive  
Compensation  
Scheme**

## Chief Executive Officer (Leasing)

**The Company**  
Few European economies are experiencing the same levels of sustained growth as Poland. The economy grew by 4% last year and is expected to maintain or increase this level of growth. This major leasing enterprise is being created to meet the under-served financing needs of large operating companies in Poland. This well capitalised company should rapidly become one of the largest leasing companies in Poland.

**The Role**  
The Chief Executive Officer will report directly to the supervisory Board of the company. He/she will undertake full responsibility for the business, managing Finance, Marketing and Operations. Specific duties will include: Selling lease services to potential client base; managing start-up operations; finalising initial debt financing; and hiring key staff including Director of Marketing and Chief Financial Officer. You will be expected to maintain a company focus on risk management through strategy and lease portfolio decisions.

**The Person**  
Clearly this is an exceptional opportunity to make dramatic progress within one of the strongest of the emerging market economies. You will need substantial leasing experience and an entrepreneurial business approach. Negotiating and closing deals with top international executives will not be a new experience. It is assumed that you are already forging a lead in your current role.

Talent and ability are the key factors but Polish language skills would be a distinct advantage. Please respond to the address (fax below) quoting reference FT 2226 on all correspondence. All applications will be treated in the strictest confidence.



**ANTAL INTERNATIONAL**  
Executive Recruitment

Riverbank House • Putney Bridge Approach • London SW6 3JD  
Tel: +44 (0) 71 371 9191 • Fax: +44 (0) 71 731 8160 (24 hrs)

## Like Our New Russian Market, This Opportunity Is Wide Open!

### President/CEO

As a leading U.S. corporation with a history of success and innovation in the diversified consumer product market, we are currently seeking a seasoned executive to run our tobacco operations in Russia. As President/CEO of this exciting business unit based in Moscow, you will be responsible for the completion and start-up of a new manufacturing facility along with building our presence and market share in the new Russian Republic and the CIS.

Diverse talents in Marketing, Sales, Finance and Administration are a must for developing this venture to optimum levels of success and profitability. You will also need 10 years of demonstrated international management experience, preferably in the tobacco industry, and possess the entrepreneurial qualities of initiative, resourcefulness and results-oriented thinking. High quality people skills and knowledge of Russian business protocol is also important. Fluency in Russian is preferred, but not required.

We offer an outstanding benefits package which includes an attractive base salary and bonus package, payment of all relocation expenses, and a comprehensive expatriate package. For more information, please send CV to Box A2077, 1 Southwark Bridge, London SE1 9HL. An equal opportunity employer.

## MANAGING DIRECTOR FAST-GROWING CONFERENCE COMPANY

One of the world's largest magazine/conference companies specializing in engineering, manufacturing, vertical markets, real-estate, finance, pharmaceutical marketing, food marketing, healthcare, information systems and environmental sciences seeks to fill the senior position in its conference division located in the UK.

The ideal candidate will have outstanding leadership and organisational skills and the ability to direct the division's rapid expansion in the UK and Europe.

Specific requirements are: (1) at least 2 years of general management experience including P&L responsibility; (2) at least 2 years of successful conference design and marketing experience; (3) demonstrated talent in "topic identification" and trend-spotting. This is a results-oriented position.

The position offers considerable opportunity for growth, financial security and eventual financial independence through our generous profit participation program and available equity participation. For immediate confidential consideration, please forward resume and salary history to:

Box A2072, Financial Times,  
One Southwark Bridge, London SE1 9HL

## BANKING FINANCE & GENERAL APPOINTMENTS

### BRITISH AIRWAYS PENSION INVESTMENT MANAGEMENT LIMITED

## Portfolio Managers

### Central London

### Competitive packages

The British Airways Pension Scheme is one of the best performing, large in-house funds in the UK. Assets under management are over £5bn, and growing steadily. As a result of expansion of market coverage, young portfolio managers with ability and potential are required for the following roles:

### European Equities

The appointed candidate will work with the European Equities Manager in running the European portfolio, with specific responsibility for certain geographic areas. He/she will have an input into sector and asset allocation, and will provide back up within the team on other European markets. Ref 294j

### Japanese Equities

The appointed candidate will work with the Pacific Equities Manager in running the Japanese portfolio, with an emphasis on smaller companies. He/she will provide back up within the team on other Asian markets, and will have an input into sector and asset allocation. Ref 295j

Candidates should have about two years' experience in fund management, ideally in relevant markets, and are likely to be aged in their mid-20s. A second class degree or better, probably in a numerate or business-related subject, is required. Important attributes include strong analytical skills, independence of thought and the ability to work as part of a highly motivated and collegial team.

For both positions, competitive base salaries will be complemented by a performance-related bonus and the usual fringe benefits. Please send a full CV in



confidence to GKRS at the address below, quoting the relevant reference number on both letter and envelope, and including details of current remuneration.

### SEARCH & SELECTION

CLAREBELL HOUSE, 6 CORK STREET, LONDON W1X 1PB. TEL: 071 287 2820  
A GKRS Group Company

## Consultancy in Investment Banking

### Attractive Package & Benefits

City

UBS is a AAA rated international bank employing over 2,000 people in London alone. The internal consultancy function plays an increasingly key role in the success of the bank in the UK and Europe. Due to increased demand for its services, it is looking to strengthen further its capability by the recruitment of additional senior consultants.

The successful candidates will have a proven track record of problem-solving and managing change working for a major consulting firm or blue-chip bank. The positions require a high level of intellect and good communication and people management skills. At least 3-5 years experience of business planning, business process re-engineering, operational and cost reviews, or the investment banking industry are required. Knowledge of German and/or French would be an advantage.

These high profile positions offer the perfect opportunity for the successful candidates to make their mark on, and build a career with, this major international bank.

As well as an attractive salary and career prospects, the positions carry a comprehensive benefits package, including participation in our performance-related bonus scheme.

Please send full career details to:

Melanie Orlík  
Personnel Department  
UBS Services Limited  
100 Liverpool Street  
London EC2M 2RH



### UK CORPORATE BANKING to £50,000

Our client, a highly effective player in the provision of banking services and solutions to clients needs and requirements, seeks an experienced professional banker to maintain, develop and build upon an existing portfolio of major UK corporate clients. The successful candidate will be a graduate in their 30's with a strong credit background which will be supported by a proven track record in developing profitable business across a broad product range with major UK corporations.

### MANAGER SECURITISATION £40,000

Our client, a leading merchant/investment banking organisation, seeks to enhance its banking activities, with the appointment of a banker who has Securitisation experience. Fully credit trained, the successful candidate will be a graduate, in their late 20's to early 30's, ideally professionally qualified who can demonstrate experience of marketing and structuring a broad range of banking products, which will have included securitisation.

Please contact Richard Lyons or Sean Carr  
Carr Lyons Search and Selection Ltd  
Astral House, 125-129 Middlesex Street  
London E1 7JE  
Tel: 071-623 9493 Fax: 071-626 1263

Carr-Lyons Search & Selection Limited trading as Williams Wingfield Executive

### EUROPEAN CORPORATE BANKING £50,000

Due to continued growth our client seeks to appoint an experienced corporate banker to assist in developing a European portfolio. The successful applicant will be responsible for client relationship development and assist in focusing and giving direction to a team providing a wide variety of banking products and services in this highly competitive market. The appointee will, ideally, be a graduate calibre banker with extensive experience of the corporate market.

### PROJECT FINANCE to £50,000

With a record of success in the Project Finance advisory sector throughout the world our client, a respected Merchant Bank, is a recognised player in the provision of fee based services. Now, due to continued growth, a need has arisen for an experienced professional banker to join the team. The successful candidate should be a graduate banker currently with the project finance unit of a major bank. Age to mid 30s.

Williams Wingfield  
Executive

## Assistant Fund Manager European Equities

### Central London

### Competitive salary + car

We have a specialist team of professional fund managers running the £8 billion assets of one of Britain's largest pension schemes.

An opportunity has arisen for an ambitious and highly motivated person to be involved in the asset allocation and management of part of the £750 million European equity portfolio.

Ideally you should have an economics or numerate degree and three to four years' experience in financial markets. The ILMR qualification is desirable, and knowledge of a European language would be an advantage.

Good communication skills are essential for meeting company management and maintaining good relationships with major stockbrokers. Candidates should be prepared to accept high levels of responsibility at an early stage.

A competitive salary is offered, plus car and other benefits including profit sharing and shareave schemes.

Please send your CV, quoting reference CF1716204/009/FT, to the Personnel Manager, Recruitment Administration, British Gas plc, Heron House, 326 High Holborn, London WC1V 7PT. Closing date for receipt of applications 1st July 1994.

"Maximising potential through  
equal opportunities"

**British Gas**



### RECRUITMENT CONSULTANTS GROUP

2 London Wall Buildings, London Wall, London EC2M 5PP  
Tel: 071-588 3588 or 071-588 3576  
Fax No. 071-256 8501

Opportunity for No2 or No3 in Compliance in a leading bank to build and run own operation in an organisation planning to expand rapidly over the next 2-5 years.



## HEAD OF COMPLIANCE

£50,000 + Bonus + Car

CITY

MAJOR EUROPEAN FINANCIAL INSTITUTION

Due to expansion our client has a requirement for a new Head of Compliance. We invite applications from candidates with 3-5 years' experience of SFA compliance and preferably a legal background. Candidates now with a top legal firm dealing with major bank clients or with an accountancy background will be considered. A knowledge of capital markets and treasury products is essential and there is an initial emphasis on the fast expanding area of emerging markets. The successful applicant will report to a member of the Executive Committee, will work closely with Audit and Risk Management and will maintain and build on the current compliance foundations. The ability to ferret out the issues on a day to day basis and ensure the range of products is covered is key. Initial remuneration is negotiable £50,000 + Bonus, Car and full bank benefits package. Applications in strict confidence under reference HC4980/FT to the Managing Director, CJA.

## INTERNATIONAL BANKING

### Swaps and Derivatives Opportunities

Bank of America, one of the largest financial institutions in the world, is seeking high calibre, experienced swaps and derivatives specialists to join the Middle Office and Business Systems Group in London and the Operations group, based in Bromley, Kent.

#### Swaps Middle Office - London

We require candidates to work with business managers to lead various projects and business initiatives including the introduction of new products and systems. Candidates must have swaps and derivatives product experience and a general knowledge of other capital markets products. In addition, they must possess excellent communication and management skills and have the ability to liaise throughout the organisation at all levels.

We also require candidates to prepare P & L analysis and reconciliations as well as provide analytical support to the traders. Candidates must have strong technical knowledge of the products as well as a good understanding of the accounting treatment for swaps and derivatives.

An accounting qualification may be an advantage for some of these positions.

#### Swaps Business Systems Group - London

This group is responsible for working with the users of front and back office swaps and derivatives systems to define user requirements, prioritise enhancements and conduct systems quality assurance. We require candidates with good communication skills, management experience, swaps

and derivatives product knowledge and systems understanding. Candidates will probably have gained their experience working within a systems group or a business support function.

#### Swaps Operations - Bromley

We have a wide range of opportunities at varying levels of seniority for people with experience in swaps and derivatives deal processing, settlements, documentation, accounting and control. Candidates must be enthusiastic, motivated and have sound practical experience within the swaps environment. Individuals with a good understanding of Swaps Documentation including ISDA rules and regulations are also required.

#### Swaps Operations - Hong Kong

We currently have available a variety of permanent opportunities to work in Hong Kong supporting the swaps and derivatives trading activities in Asia. Candidates should possess some or all of the above experience and knowledge.

We are looking for candidates with the ability to work well within a dynamic, demanding and quality driven environment where individual performance is recognised and rewarded. Excellent career prospects are accompanied by a competitive salary and benefits package.

Please send your CV to Patricia Bennon, Bank of America NT & SA, 26 Elmfield Road, Bromley, Kent, BR1 1WA stating the position of interest and salary or total compensation expectations.

Bank of America is an equal opportunities employer.



**Bank of America**

A unique opportunity for entrepreneurial salespeople to develop an innovative cross border product



**Michael Page City**  
International Recruitment Consultants  
London Paris Amsterdam Düsseldorf Sydney

## Equity Sales to Europe

### Prime US Brokerage House

Our client, a leading US financial institution, is rapidly strengthening its presence in the European markets through the successful application of a fresh strategic approach combined with an unparalleled level of service. This expansion creates a need for two additional EQUITY SALES PEOPLE to develop the Continental European Markets. Candidates must be able to demonstrate a proven track record of at least four years institutional equity sales experience.

A dynamic proactive approach to meeting client needs and commercial acumen are essential. Fluency in another European language is highly desirable.

### to £120,000 Package

Candidates with a good knowledge of the French Institutional market are of particular interest.

This is an excellent opportunity for a motivated and professional individual, displaying a thorough understanding of the European and UK Equity Markets, to develop their career within a highly rewarding environment.

Interested applicants should write to Gavin Starling at Michael Page City, 39-41 Parker Street, London, WC2B 5LH, quoting reference 189390. Alternatively, telephone 071 831 2000 for an initial, confidential, discussion.

## TRANSACTION MANAGEMENT

### GLOBAL INVESTMENT BANK

#### LONDON

Our client, a leading investment bank, provides a comprehensive range of investment, capital market and securities services worldwide. Substantial growth, combined with a creative and innovative approach has placed the organisation at the very forefront of the world's international investment and commercial banks.

The transaction management team is now seeking lawyers with up to 5 years' post qualification experience gained in a major city practice, investment bank or securities house.

More recently qualified individuals will be given equal consideration if they can demonstrate at least 6 months' experience in capital markets and a genuine interest in the area.

The roles involve the structuring, negotiation, documentation and execution of securities transactions, with particular emphasis on Eurobonds and other debt instruments. There is constant liaison with clients, external advisers and other parties connected with the transactions, and co-ordination with syndicate, marketing, treasury and risk management professionals.

**ROBERT WALTERS ASSOCIATES**

#### & EXCELLENT PACKAGE

Given the high degree of client contact, excellent communication skills are paramount. In addition, candidates must clearly demonstrate academic aptitude, sound commercial awareness and the interpersonal skills to succeed within a team orientated environment.

These challenging and creative positions carry highly attractive salary and benefits packages.

Interested candidates should write to Simon Hankey at Robert Walters Associates 25 Bedford Street, London WC2E 9HP. Tel 071-579 3333, fax 071-915 8714.

### Europäische AAA-Bank

Das Unternehmen: Als Top-Adresse zählt die Bank an den internationalen Kapitalmärkten zu den Major-Playern. Ihre Kunden steht sie mit mittel- und langfristigen Mitteln in unterschiedlichen Währungen, die durch CP-, MTN-Programme, Anleihe-Emissionen sowie Swap-Transaktionen an den Finanzmärkten aufgegeben werden, zur Verfügung. Eine bedeutende Rolle als Emissionswährung spielt die Deutsche Mark. Für die Leitung dieses Bereiches suchen wir eine im internationalen Emissionsgeschäft erfahrene Persönlichkeit als

### Leiter/in DM-Emissionen

Die Aufgaben: Als Abteilungsleiter/in Verantwortung für den DM-, sfrs- und ö.S.-Emissionsbereich. Kontakte zu den Emissionshäusern in Deutschland, Schweiz und Österreich, Beobachtung dieser Kapitalmärkte sowie der Zinsentwicklung anderer Emissionswährungen, um Swap-Möglichkeiten zu erkennen, Vertragsgestaltung und Börseneinführung sowie Marktpflege; Mitwirkung an der Entwicklung von Anleihestrukturen unter Einbeziehung der Zins- und Währungsderivate, Prüfung der von Emissionshäusern vorgelegten Angebote und Entscheidung sowie kompetente Anleitung und Motivation eines kleinen Teams.

Die Anforderungen: Wir erwarten ein Studium, gute volkswirtschaftliche Kenntnisse, mehrere Jahre Berufserfahrung im großvolumigen Konsortialgeschäft sowie im Umgang mit den Zins- und Währungsderivaten; Kreditkenntnisse sind vorteilhaft, Erfahrung in der Konzeptionierung strukturierter Anleihen wird ebenso vorausgesetzt wie Initiative, Führungskompetenz und Integrationsbereitschaft in ein internationales Team. Sehr gute Deutsch- und Englischkenntnisse sind ein "must", aussergewöhnliches Französisch Voraussetzung. Alter: Ende 30 bis Mitte 40.

Das Angebot: Dem/der Banker/in mit ausgeprägter Erfahrung im Konsortial- und Bond-Geschäft, die auch in der Industrie oder bei institutionellen Anlegern erworben sein kann, bietet sich eine hochinteressante Aufgabe auf internationaler Ebene; eine attraktive Vergütung sowie Vorteile, die sich aus Stellung und Standort der Bank ergeben, ergänzen das Angebot.

Ihr nächster Schritt: Informieren Sie sich vertraulich telefonisch vorab bei Herrn Matthias Junges am Samstag zwischen 17.30 und 19.30 Uhr, Telefon +49.6081.42768, am Montag bis 20.00 Uhr im Büro oder senden Sie uns bitte Ihre aussagekräftigen Unterlagen. Diskretion ist selbstverständlich. Geeigneten Interessenten schicken wir gerne unsere ausführliche Unternehmens- und Positionsbeschreibung "JSL".

Search & Selection for Financial Institutions **Stephan & Partner** **GM BH** Berlin • Frankfurt • Paris  
Kisseleffstr. 1 • D-61348 Bad Homburg • +49 • 6172 • 22044

### Emerging Markets Equity Analyst/Portfolio Manager

Standish, Ayer & Wood is a Boston-based investment counsel company in business since 1933 with \$3 billion under management.

- We are looking for an equity analyst/portfolio manager with at least 2-3 years experience in the emerging markets sector to complement our international team.
- The experience should have been gained as a research analyst or investment manager, ideally in both Asian and Latin American markets, although this is not a prerequisite.
- Strong academic and professional qualifications required, preferably CFA level or equivalent.
- The successful candidate will work in a team based environment helping to create a global strategy and emerging market allocation.

Applicants should submit a resume and compensation requirements to the address below.

#### No phone calls please

Director of Human Resources  
Standish, Ayer & Wood, Inc.,  
One Financial Center, Boston, MA 02111

Standish, Ayer & Wood, Inc. is an equal opportunity employer

### EXPERIENCED ANALYSTS

Freelance UK equity research analysts needed for new venture to produce reports on smaller companies. Working from home to stringent standards. Would suit recently retired or particularly those on maternity leave. Good rates paid.

Please write to:  
Box A2073, Financial Times,  
One Southwark Bridge, London SE1 9HL

### SENIOR TRANSACTOR £80,000 plus bonus

International bank with a first class global reputation seeks to recruit a negotiator who possesses significant expertise within the large ticket domestic and cross-border market. Candidates should have the ability to work on an advisory basis coupled to strong technical skills. As there is a realistic opportunity to become unit head within two years' an outstanding individual is sought.

### VENDOR PROGRAMMES to £60,000 plus bonus

A marketing professional, aged 26 to 35, who has originated a significant number of profitable vendor programmes, covering a range of assets, is sought by a bank-backed lender. Additionally candidates should have the ability to market other facilities, both lending and advisory, to major blue-chip clients. This is an excellent opportunity to join a renowned, successful and expanding unit.

### FINANCIAL ENGINEER £55,000 plus bonus

A major international banking group seeks to appoint a graduate ACA, aged 26 to 34, who has gained excellent experience of tax-advantaged transactions. Within a small team of professionals, the role encompasses providing advice to major clients on the negotiation of complex structured finance facilities, both domestic and cross-border.

### BIG TICKET LEASING £45/50,000 plus bonus

Our client has established a large portfolio of major domestic asset financing transactions. In order to continue to expand they seek to appoint an additional senior marketing executive who has proven experience, gained with a major principal, of successfully negotiating and closing complex £20m+ domestic leasing transactions. Exposure to cross-border deals would be advantageous.

### LEASING ACA'S £30/40,000 plus benefits

On behalf of several major leasing companies and bank's leasing divisions, based in London and the close Home Counties, we seek qualified accountants with between two and four years' post qualification experience gained within leasing or asset finance. The roles concerned cover financial control, analysis or budgeting and forecasting.

If you are interested in the above or other positions within the leasing and asset finance sector, and have relevant experience, please contact Peter Haynes or Keith Snow. No information will be disclosed without applicants' prior consent.

Jonathan Wren & Co. Ltd,  
Financial Recruitment Consultants,  
No.1 New Street, London EC2M 4TP  
Tel: 071-623 1266 Fax: 071-626 5258

**JONATHAN WREN LEASING**

## Make a significant contribution to the success of a new UK Financial Markets Newswire

### Market Analyst City based

Dow Jones TeleRate is a wholly owned subsidiary of Dow Jones and Co. Inc. and a world leader in providing on-line financial information.

We have recently launched a new UK financial market newswire called UK Markets Report. The service provides real-time, in-depth coverage of all UK financial markets as well as economic, business and political news that may affect these markets.

UK Markets Report is updated continuously throughout the day to give customers a fast, accurate and comprehensive service.

We are expanding the UK Markets Report editorial team to increase the range and scope of market coverage and we are looking for a Market Analyst who can act quickly as news breaks.

You will develop industry contacts and work closely with a wide range of sources. You will be expected to bring an analytical approach and keen insight to real-time news coverage with specific emphasis on UK equities.

Several years' experience in the UK equity market, either as an Analyst or in a research role within an equity broking or fund management organisation is the minimum requirement for this position.

An understanding of company accounts and an ability to analyse them to provide an insight into corporate performance would be highly desirable.

Journalistic experience would be an advantage as would an understanding of PCs and Excel.

To apply, please send a full cv together with current salary details to: Stephanie Harris, Human Resources Office, Dow Jones TeleRate, 19-15 Peter Lane, London EC4A 1BR.

"This company is committed to equal opportunities and applications are welcomed from anyone irrespective of colour, ethnic origin, disability sex or marital status."

**Dow Jones TeleRate**

### Treasury Sales

**CREDIT AGRICOLE**, one of the world's leading Banks, is seeking to develop its Treasury Sales activities in London and, to this end, invites applications from high-calibre candidates with a minimum of 5 years sales experience. Applicants should ideally be educated to degree level, and must be able to demonstrate a sound knowledge of all Treasury products including Swaps.

A highly competitive salary and benefits package is offered, depending upon age and relevant experience.

Please write, enclosing full career details to:

M J Benson  
Head of Human Resources  
Caisse Nationale de Credit Agricole  
135 Fleet Street, London EC4A 2ED

Applications should be received no later than Monday 27th June 1994.

**CX CREDIT AGRICOLE**

**EMERGING MARKETS : DERIVATIVES TRADERS**

Our client, a specialist investment bank with a highly successful track record, is enjoying continued growth in a variety of profitable niche markets. The Risk Management Group has been established to develop a capability in derivative-linked products across a full range of underlying instruments in a number of emerging markets. We now seek two risk managers to establish and develop the trading function.

**Volatility Trader:**

To hedge the risk arising from the Group's activities. This includes proprietary trading in OTC options as well as creating securitised products. The underlying instruments would include equities, commodities, interest rates and currencies across a range of geographical markets.

**LDC Debt Option Trader:**

Providing a specific derivative risk management capability in tandem with our client's strong presence in the Latin American, Eastern European and African Sovereign debt markets.

While prior experience of emerging markets is not essential, interested applicants should:

- have a demonstrable track record of successful volatility trading
- have at least two years' options experience
- have exposure to OTC products
- be graduates with a mathematical degree
- be mature individuals capable of taking independent responsibility in a closely knit team environment
- have a desire to be involved in, and contribute to, the development of the bank's activities in these areas

These represent unusual and exciting opportunities to develop careers across a broad range of markets, and to establish market leadership in areas of enormous potential growth.

Investment banking remuneration will be geared to attract individuals of the highest calibre.

To discuss this further, in strictest confidence, please contact Christopher Lawless on 071 379 1100 or write to him at:

The Bloomsbury Group,  
(Search and Selection Consultants),  
The Second Floor,  
Bedford Chambers,  
Covent Garden,  
London WC2E 8EA.  
Fax No. 071 240 6362.

**THE  
BLOOMSBURY  
GROUP**

**Price Waterhouse**  
EXECUTIVE SEARCH & SELECTION

**Broker/Dealer****Europe**

Our client, a leading European broker, is seeking a Broker/Dealer to work with their Organisation in Europe.

The selected candidate will be part of a very successful team engaged in the European Market, intermediating OTC products for institutional clients and financial institutions.

You must have 4/5 years experience with a broker in selling and structuring interest rate swaps, currency swaps, and related option derivatives. We expect you to have existing customer relationships in Europe, and a proven track record of sales growth.

An attractive compensation package will be offered, to relocate to Europe.

We have undertaken to forward all replies to our client, unless instructed otherwise. Please indicate any Brokers to whom you do not wish your details to be forwarded.

Send your full CV, with salary details, to Barrie Whitaker at:  
Executive Search & Selection,  
Price Waterhouse,  
Milton Gate, 1 Moor Lane,  
London EC2Y 9PB.

## We are broadening the scope of our global education team. Do your skills fit into the equation?

Technical training in  
international investment banking

City-based, with European travel

Swiss Bank Corporation is one of the world's premier international investment banks. With a major presence in capital markets worldwide, our reputation as a Risk Manager and provider of creative solutions for clients is second to none.

Our global Education Department is also highly regarded for the exceptional quality of technical teaching delivered to business professionals. As product structures and risk management become ever more complex, so the need for strong technical knowledge becomes a requirement in all areas of the business. Consequently, we are making further investment in our education team and establishing a new post in London. This senior position will focus on education development and delivery for all levels of practitioners primarily in the UK and Europe. The range of subject areas will include:

- Derivative and cash products, including arbitrage, pricing, hedging and risk management techniques.
- Corporate finance and investment banking.
- Marketing and sales of financial products.

A strong knowledge in at least one of these areas is essential, along with a thorough understanding of multivariable calculus, matrix algebra, differential equations and statistics. Specific experience in a training/teaching capacity is not critical providing you have the personality and communication skills to create a dynamic and effective learning environment. This must be flexible enough to meet the needs of specialists, generalists and new entrants alike, and adaptable to the ever-evolving trends in the marketplace. With this in view, your ability to deliver entirely business-driven education is critical.

Academically, you will be expected to hold a Masters or Doctorate degree in an analytical field such as finance, economics, econometrics, mathematics, statistics, physics, engineering or computer science. A second language, ideally European, would be an advantage.

If your skills match this considerable challenge, the rewards and international career prospects will be exceptional.

Please write with full career details to Peter Cole,  
Swiss Bank Corporation, Swiss Bank House, 1 High Timber  
Street, London EC4V 3SB.

**Swiss Bank  
Corporation**

MIS DIRECTOR. Several yrs exp in Information Systems for multinational corp. Fluent German. Good mgmt skills. Co is German subsidiary of UK parent. CV to Recruitment, 15640 Ventura Blvd., #604, Encino, CA 91436, USA or Fax 018-01-0355.

APPOINTMENTS ADVERTISING  
Specialist in the UK edition every Wednesday & Thursday and in the International edition every Friday. For further information please contact  
Philip Whigley on 071 673 3351

## Opportunity to join a major investment bank as a European Research Analyst

Do you have strong analytical abilities?

Excellent package · City based

Our client is the corporate and investment banking arm of a major financial services group.

They are able to offer a unique opportunity to join their successful European banking research team.

You will be required to research and analyse the sector and be involved in sales and marketing to investors.

This role is an exceptional challenge for a graduate or MBA. Ideally, you will have two years' experience either in Stockbroking research (country or sector), or in an analytical role within the financial services industry.

You should be a good team player, strongly self-motivated, numerate and

articulate with a successful track and academic record. European languages would be an advantage.

For the right individual a competitive banking package and excellent career development prospects are on offer.

To apply, please write enclosing a full CV, quoting ref 58, to Alastair Lyon, Confidential Reply Handling Service, Associates in Advertising, 5 St John's Lane, London EC1M 4BH.

Applications will only be sent to this client but please indicate any company to which your details should not be sent.

ASSOCIATES IN ADVERTISING

**Treasury Appointments****HALIFAX****Competitive Salary Plus Benefits**

With total assets in excess of £67 billion, Halifax Building Society is one of the largest financial institutions in the UK. Group Treasury, based in Halifax, is responsible for liquidity, wholesale funding and interest rate and currency risk management. Now we are looking to further expand our Treasury team in two particular areas.

**Fixed Income Securities**

A key area within Treasury is investment in fixed income securities and we want to appoint an experienced bond dealer to join our team. Ideally with at least 5 years' experience in fixed income securities including British Government Securities as well as other major bond markets, you will also be able to demonstrate dealing expertise in both cash and derivatives markets, particularly in relation to asset swaps. Reporting to the Investment Manager, you will be responsible for an investment portfolio of both fixed and floating rate bonds.

**Investor Relations**

HALIFAX places the utmost importance on the development and maintenance of investor relations both in the UK and in financial markets throughout the world. With wholesale funding balances in excess of £11 billion and plans for expanding funding activities, the opportunity now exists for a market professional to develop within Group Treasury in the field of Investor Relations. You will be expected to demonstrate a wide knowledge of financial markets, probably gained from experience in a major financial institution or corporation. Apart from proven experience in finance and marketing, the position demands enthusiasm and commitment, allied to excellent management and communication skills, together with the drive to fully develop the investor relations role in future years.

These important positions both offer an attractive remuneration and benefits package including car, subsidised mortgage, private health insurance, contributory pension scheme and relocation assistance where appropriate.

To apply, please write with full CV and salary details, quoting reference [HOP/TA] to the Assistant General Manager, Group Personnel, Halifax Building Society, Trinity Road, Halifax, West Yorkshire HX1 2RG.



HALIFAX is fully committed to equal opportunities for all.

**The Royal Bank of Scotland**

WHERE PEOPLE MATTER  
Committed to Equal Opportunities

**ACQUISITION FINANCE**

Superb opportunity for  
ambitious young accountant  
Edinburgh

The Royal Bank of Scotland is intent on becoming a long-term consistent participant in the UK Acquisition Finance market and is looking to make a new appointment to its small, highly focused team in Edinburgh, which organises the debt element of Management Buy-outs, Buy-ins and similarly structured deals across the UK.

Candidates will have been qualified for up to three years, will have gained experience over and above mainstream audit and will exhibit strong commercial awareness. They will bring with them strong analytical and computer modelling skills combined with the type of interpersonal skills required to interface successfully with management teams, equity houses, accountants, solicitors and merchant bankers.

An attractive package will be on offer, as well as the opportunity to join a key player in an important niche market.

Please write with full CV to:  
Willie Finlayson  
Finlayson Wigan Black Ltd  
19 Alva Street, EDINBURGH EH2 4PH  
Tel: 031 539 7057

**FINLAYSON  
WIGAN BLACK**

EXECUTIVE RECRUITMENT

**HYDRA ASSOCIATES LIMITED****MEDIA SECTOR CONSULTANT (MBA)**

Up to £50,000 plus package

Hydra is a leading media sector corporate advisor providing strategic, creative, and operational advice to the television, radio, music, filmed entertainment and related sectors. We are seeking an outstanding candidate to join this small, highly motivated team, with a business/analytical background, exceptional communication skills, experience in media or telecoms, with the ability and confidence to deal at Chief Executive and Chairman level on a wide range of assignments.

Please reply in confidence stating current salary to:

Nikki Vane, Hydra Associates Ltd,  
78-80 St John Street, London EC1M 4HR

**CORPORATE F.X.**

US investment bank requires a senior customer dealer aged 25 to 35 with a thorough knowledge of all Treasury products. Responsibilities will include marketing and quoting F.X. & Money Market prices to corporate clients. Ability to interpret current economic & political information and to advise customers on market trends is essential. Fluency in another European language is desirable.

**FORWARD F.X.**

A senior F.X. dealer with expertise acquired on a Forward Euro currency book is sought by a first class international bank. Candidates aged 25-35 will have a stable career history and must be proficient with arbitrage business. Working knowledge of Off-Balance Sheet instruments would be advantageous.

**OFF-BALANCE SHEET**

High profile European bank wishes to appoint a senior trader with expertise in FRA's & Futures. Ideally aged 24 to 32, candidates will have gained at least 4 years experience dealing in USD or DEM, and should have a sound understanding of the Cash market, Swaps and Arbitrage techniques.

**SPOT CABLE**

Our client, a prime European bank which enjoys a pre-eminent position in global F.X. markets, is seeking a senior dealer who is currently active in Spot Cable. The successful candidate will be aged 26 to 31 with a consistently positive profit record. The incumbent will be comfortable with substantial exposure on an interbank/proprietary basis. Significant benefits apply.

£50,000

£70,000

£40,000

**FOREX Selection**

Treasury Recruitment

Please call Jeanne Hamilton or write in confidence quoting ref: JH1785.

Tel: 071-369 0342.

36 Cornhill,

London, EC3V 9PD

**APPOINTMENTS WANTED****VIETNAM**

ENGLISH BUSINESSMAN, RESIDING 2 YRS VIETNAM, SEEKS NEW CHALLENGING ROLE AS EITHER COUNTRY REPRESENTATIVE OR GENERAL MANAGER. BACKGROUND INCLUDES OIL INDUSTRY/SHIPPING/MARKETING. DIVERSE AND EXCELLENT CONTACTS IN BOTH BUSINESS COMMUNITY AND GOVERNMENT.

Reply in confidence to Box 45071, Financial Times, One Southwark Bridge, London SE1 9HL.

**FUTURES-FOREX-DERIVATIVES****SALES & MARKETING**

Male 45, French French, 25 years experience with the Continental European Corporate & Non-Bank. Financial institutions and high net worth.

Before retiring, I am looking for a One Year assignment to promote your activities & products to my established contacts.

Box 45071, Financial Times,  
One Southwark Bridge, London SE1 9HL.

**FOREIGN EXCHANGE DEALER**

with 22 years experience

proven track record seeks opportunities.

Write Box A2055, Financial Times, One Southwark Bridge, London SE1 9HL.

**MBA (30 Years Old)**

- Strong Marketing (Diploma) & Sales Background.
- Excellent Presentation & Communication Skills.
- Strong Marketing (Diploma) & Sales Background.
- Extensive Commercial Experience.
- Able to Locate World Wide.

Please Tel/Fax 021 736 238 or Write to Box A2055, Financial Times, One Southwark Bridge, London SE1 9HL.

## Bond Analyst/Economist Bond Division

London

Hambros Bank seeks a Bond Analyst/Economist to support its highly successful Bond Division. Located on the trading floor, you will provide succinct and timely analysis of the Australian, New Zealand, Canadian and UK bond markets, regular yield curve analysis and bond switch recommendations. In conjunction with the Hambros Bank Economics Unit, you will also be expected to provide general economic analysis, requiring rapid reaction to major data releases.

Candidates should possess an honours degree in Economics, 2-3 years' experience of economic analysis, preferably in a trading environment, and

Competitive salary + benefits

must be able to demonstrate a keen interest in financial markets. However, given the practical emphasis of the position, we would also consider applications from market professionals with a more general economic background. Good presentation skills, both written and oral, are important.

An attractive salary and benefits package is available, commensurate with experience and qualifications.

To apply, please write, enclosing a detailed CV and indicating your current remuneration package, to Ian Beauchamp, Chief Economist, Hambros Bank Limited, 41 Tower Hill, London EC3N 4HA.



HAMBROS BANK LIMITED

## Fund Managers

### Leading UK Institution - City

Our long established client, with £7bn under management, has two vacancies for Fund Managers to its Overseas Equity teams to work on Europe and the Far East. Candidates should have a good degree, an ability to think creatively and be capable of being assessed IMRO Threshold Competent within a reasonable period of time.

Around 2 years experience of analysis or fund management in European or Far East markets is desirable but consideration will be given to highly qualified candidates with UK market experience. The successful candidate can expect early responsibility for regions and funds plus regular foreign travel.

Our client offers competitive salaries and a benefits package comprising: subsidised mortgage, non-contributory pension, private medical and permanent health insurance. To apply, please write with a full CV to Catherine Edwards, at the address below. Mark your envelope ref 1002 so that we may pass it direct and unopened to our client, unless you wish to advise us separately of any company to which you do not wish your details to be sent.

BERNARD HODES

SELECTION

BIRMINGHAM • BRISTOL • CARDIFF  
HERTFORD • LEEDS • MANCHESTERGriffin House, 161 Hammersmith Road,  
London W6 8BS. (Rec Co.)

## OVERSEAS TRADERS

A large South African bank wishes to recruit trading staff for their Johannesburg Head Office.

Opportunities exist for spot currency and interest rate futures traders.

Applicants should ideally be aged 22 or older and have a minimum of two years trading experience. During this time they will have gained a thorough knowledge of their respective areas, and have a profitable track record.

An excellent package including relocation expenses is offered. Applications, including full details of career to date and current package, which will be treated in the strictest confidence, should be sent to:

Box A2075, Financial Times,  
One Southwark Bridge, London SE1 9HL.

## APPOINTMENTS WANTED

### WANTED OPENING IN CITY

For highly motivated ambitious bright individual  
Tri Lingual - English, French, Italian

Good computer skills, mathematical and science background. Currently in sales position but looking to gain financial experience, keen to learn.

Any position and salary considered.

Write Box A2061, Financial Times,  
One Southwark Bridge, London SE1 9HL.

### EXECUTIVE PERSONAL ASSISTANT SEEKING NEW CHALLENGE

International multi-lingual mature Swiss woman seeks new challenge as executive Personal Assistant in private service. Experience in hotel management. Recent experience as personal assistant for family of distinction duties included co-ordinating their many residences, organising receptions, social events and private calendar, directing personnel in all residences. French, English, German, Spanish, Italian.

Excellent references can be provided.

Please reply Box A2078 Financial Times, One Southwark Bridge,  
London SE1 9HL.

### SENIOR ITALIAN MANAGER

48yrs, multilingual,  
experienced in marketing, sales, manufacturing; practiced in financial reporting and control. Would examine opportunity in any major European town.

Write Box 2410, Financial Times,  
One Southwark Bridge, London SE1 9HL.

### CORPORATE FINANCIER

London-based Chartered Accountant/Merchant Banker with significant commercial and financial experience within the UK and Europe seeks interesting opportunity or challenging assignment anywhere in Europe. All replies will be acknowledged and treated in confidence.

Write to Box A2068,  
Financial Times,  
One Southwark Bridge,  
London SE1 9HL.



## HONG KONG

As part of its continuing programme of expansion, our client, one of the world's leading banking groups, is seeking dynamic individuals to strengthen its fixed income distribution team in Hong Kong.

Playing an active role within this high profile team, you will be selling the bank's products to a broad institutional and corporate client base within the region. You should have a strong knowledge of and interest in the Asia Pacific region, and fluency in Mandarin/Cantonese would be a distinct advantage. Ideally educated to tertiary level, you will already have an enviable record of success in a high pressure profit-driven environment.

Successful candidates will be rewarded with an excellent remuneration package and the opportunity to significantly advance their careers with a leading institution in the world's fastest growing economic region. Please reply in confidence to:

Harry O'Neill or Vanessa Edwards on (852) 536 0100  
or by fax on (852) 537 1011

## Lazard Investors Fund Analyst

Lazard Investors, the Fund Management division of Lazard Brothers, currently manages assets of £5 billion on behalf of a wide range of international and domestic clients.

We are seeking to appoint a high calibre individual to join our dedicated performance analysis team. Together with the team you will be responsible for evaluating Lazard Investors funds under management using the latest performance analysis techniques including relative attribution and risk analysis.

You will be a graduate in a numerate discipline (preferably Mathematics/Statistics) with strong quantitative analytical skills and a knowledge of the financial markets. Ideally, you will also have one to two years experience in investment management and in particular in a performance analysis role.

If you are interested in this position and meet our criteria please send your curriculum vitae, including present remuneration details and contact telephone numbers, no later than Wednesday 29 June to:

Sarah Barber  
Personnel Department  
Lazard Brothers & Co., Limited  
21 Moorfields, London EC2P 2HT

## APPOINTMENTS WANTED

### Financial Analyst: Corporate & Banks

Fluent in English, working knowledge of German. 5 years experience on an international scope and in France. Sound educational and professional background. Recent developments: derivatives products and the setting-up of the ALM reporting in a branch. Seeks challenging new position.

Write Box A2055, Financial Times,  
One Southwark Bridge, London SE1 9HL.

### INTERNATIONAL BUSINESS

British Male Graduate, 27, 2 1/2 years experience in International Bank in London; Strong Communication and Presentation Skills with the ability to work in an international and multi-cultural environment. Languages: French/Arabic/English and Portuguese. Lived and worked in Brazil. Seeks challenging position in International Business/Finance; willing to travel.

Write to Box A2074, Financial Times,  
One Southwark Bridge, London SE1 9HL.

# How do Europe's best business people get the top jobs?

# They use the FT.

Senior business people all over Europe use the FT throughout their working week.

They use it to keep up with the news, views, issues and most importantly the opportunities.

So for key national and international appointments, using the FT gives them a wider choice of the top jobs.

Today Europe is the job market and the FT, Europe's business newspaper, is where to find it.

For more information please call Elizabeth Arthur on +44 71 873 3694

**FINANCIAL TIMES**  
EUROPE'S BUSINESS NEWSPAPER

## ACCOUNTANCY COLUMN

## Crying wolf too often over the 'liability crisis'

Andrew Jack reports on a lengthy but ultimately one-sided debate on an important professional topic

Three concepts associated with the creative accountancy term "extraordinary item" could rarely be more appropriately used than in connection with a recent issue of a US academic journal: significant, but one-sided and questionable.

The Journal of Economics & Management Strategy, published by the Massachusetts Institute of Technology, has devoted an entire issue to the liability crisis and its impact on accounting, based in turn on papers given at a conference on the subject in April last year.

There is little doubt that the topic is extremely important, and it is welcome to see it debated at such length in an initiative taken by an academic institution. The disappointment is the lack of balance in the analysis it contains.

It is particularly ironic to see some of the dangerous assumptions made without supporting evidence by academics of economics and accounting, who have a reputation based on objectivity, rigour and numerical analysis.

Take this comment from Mr William Kinney, chair at the graduate school of business from the University of Texas at Austin: "It is fair to say that litigation threatens the continued existence of independent auditing as we know it today".

Or - from the same author - that many claims against auditors "may be non-meritorious", simply because the average value of legal settlements is a small proportion of the average value of claims.

Take the oft-repeated but rarely analysed mantra that the downfall of

Laventhol & Horwath, the large US accounting firm that collapsed in 1990, was caused by litigation issues. In fact, a number of other factors were at least as important.

The conference organisers clearly made an impressive attempt to make the debate wide-ranging and relevant to policy by including professionals in practice as well as academics. Sadly, the rhetoric of senior representatives of four of the "Big Six" firms (which have reportedly spent \$2m apiece lobbying for litigation reform) rings a little hollow.

There is an almost suspiciously common line taken by four of the firms. They all talk about the personal pressures caused by lawsuits and the exposure to unlimited liability, and the reluctance of firms to continue to audit higher risk clients. They suggest (though none provides any examples) that promising accountants are rejecting the offer of partnership for fear of the consequences.

Mr Larry Weinbach, managing partner-chief executive of Arthur Andersen, says small and medium-size firms are reducing the audits they undertake to reduce their liability exposure. Yet most of the large lawsuits are against larger firms.

Similar points come from Mr Michael Cook, chairman and chief executive of Deloitte & Touche. Yet his stance is in apparent contrast to the view of Mr Ed Kangas, managing partner, who in a more general interview with the FT last year did not even raise litigation reform when he was asked to list the most important challenges facing his firm.

All this is not to say that much of the sympathy towards the current litigation situation in the US is unjustified. It is just that many of the arguments are far less relevant and need to be applied with considerably greater caution in the UK and other jurisdictions.

For example, the firms call for "fee-shifting" - also known as "the English rules" - by which unsuccessful litigants must pay the winners' legal fees if the claim was frivolous, in place of each side paying its own costs. They want the elimination of bonuses paid to representatives of class action suits which act as incentives to the emergence of professional plaintiffs.

They also criticise the litigiousness prevalent in the US, with plaintiffs rejecting any personal responsibility for loss, in a process characterised by Mr Richard Breen, former chairman of the Securities and Exchange Commission (SEC), as "heads I win, tails I sue".

Yet ironically, Mr Breen himself (regrettably absent from this journal) does not support proposals to reform joint and several liability, by which one defendant can be required to pay damages disproportionate to the degree of culpability. He argues that it "strikes a reasonable balance" between the interests of auditors and those of taxpayers and investors harmed by poorly audited companies.

Two senior officials at Ernst & Young provide (though irritatingly without naming names) a useful summary of legal precedents. They highlight an English-based company

which offered shares only to UK residents but sued its English advisers in Montana to avoid the risk of having to pay the other side's costs. It even floated a zero coupon loan note to fund the litigation, which will pay bondholders a percentage of any award.

Nevertheless, the Journal does contain some excellent articles. One of the best pieces is written by Mr Robert Elliott, assistant to the chairman of KPMG Peat Marwick, who argues that "hard data should replace anecdote".

He suggests that research is needed into: whether users value audits; who gains from litigation awards; whether settlements disproportionate to fault improves auditors' performance; and what has caused the crisis.

The problem is that the accounting firms and their insurers, so willing to call for reform, have been equally reluctant to provide such information. At least one group of respected academics in the UK trying to research litigation reform has been refused access to professional indemnity data on the large firms, for example.

Mr Walter Schuetz, chief accountant at the SEC, argues the liability crisis is a function less of auditing failures than accounting failures. Citing the collapse of the Savings & Loans industry, he says tighter standards rather than ones leaving much to judgment would have prevented a position in which "management puts on its rose-coloured glasses, and the auditor is unable to prove that his or her client is wrong".

Mr Weinbach makes an interesting point in suggesting that litigation is

forcing "defensive auditing", in which - like doctors carrying out needless tests - accountants are forced to spend increased time checking and re-checking at the expense of efficiency, a process that adds much to cost but little to value.

This needs further examination. After all, conducting needless tests even when judgment dictates they are not necessary is one thing; but ensuring financial statements are accurate within reasonable levels of confidence is quite another.

Mr Cook sketches out different scenarios for the profession, including one in which the additional audit costs for clients without any litigation reform would be 25 per cent to 50 per cent higher. More detail would certainly be helpful.

Thomas Lipp, from the Kellogg graduate school of management at Northwestern University, reveals a sharp rise in lawsuits against auditors - but the total from 1980 to 1993 was still only 335.

One perspective sadly lacking throughout the articles is of those who have lost money in companies where the audit report was inadequate. An important missing topic is analysing precisely what limits to compensation would be feasible given the firms' stated willingness to pay damages when they have done wrong. It seems that at least one more academic conference on the subject could be easily justified.

*Journal of economics and management strategy*, Volume 2, issue 3, Fall 1993. MIT Press Journals, 55 Hayward St, Cambridge, MA 02142-1399, USA. \$11.50

Hepworth Refractories, a division of Hepworth PLC, is a major supplier of heat resistant products mainly to the steel, aluminium and glass industries. Our business is truly international with global markets being served from UK, European and Canadian factories. A vacancy has arisen within our senior management team for a

## DIVISIONAL MANAGEMENT ACCOUNTANT

South Yorkshire Package to c. £30K

We are looking for a qualified ACMA with several years' experience in a multi-site, multi-national organisation. You will be required to help develop, implement and improve Divisional business monitoring systems and predictive models.

Heading a small team of dedicated staff you must be able to communicate effectively at all levels and work to exacting deadlines. A working knowledge of French would also be an advantage. The job will report to the Divisional Financial Director and is based at our attractive Sheffield office. Applicants should be prepared to travel extensively within the UK and Europe.

Please submit a CV including details of current remuneration to:

The Finance Director,  
Hepworth Refractories Ltd.,  
Genetex House,  
Tipton Park Road, Sheffield S10 3FJ

Applications to be received by 1st July 1994

## INTERNAL AUDIT MANAGER

South East

c.£45,000 + car

## High Profile Audit Management Role within outstanding Financial Services Group

As one of the UK's best known providers of insurance and financial services, our client has some 2.5 million policy holders and a reputation for the highest quality of service delivery.

Audit is very well regarded, with an active Group Audit Committee and strong relationships with the Board. The Corporate Audit Department works closely with line management to develop commercially sound recommendations and is staffed by high calibre individuals to help deliver them. Recent career movement in the department has created an opportunity for an Internal Audit Manager - likely to be a qualified accountant - with substantial audit management experience.

- Reporting to the Group Head of Audit, you will be responsible for about 7 audit professionals. Likely to be a graduate ACA, you will have trained within a large Practice, and probably be aged 32-40.
- The corporate audit brief includes the evaluation of performance and controls throughout the UK and European operations, as well as delivery of strategic review projects to senior management.
- With at least five years' professional audit experience in a blue chip environment, you will demonstrate very strong technical and communications skills.
- Personal qualities will include clear leadership skills, rigorous analytical capabilities and high levels of energy. Your team will work primarily in the UK and occasionally abroad.

Career prospects are excellent, with the Corporate Audit Department providing a regular springboard to further career opportunities within the Group.

In complete confidence, please write enclosing your CV to Philip Tiplidiki.

Zealand James & Company, Askett Lane,  
Askett, Princes Risborough, Bucks HP27 9LT  
Telephone: 0844 275800, Fax: 0844 275805

## GROUP FINANCIAL PLANNING &amp; ANALYSIS

South of London

late 30's

to £50,000 + car

Our clients are a substantial manufacturing plc and have a significant overseas presence. With a clear business strategy, well-respected branded products and a strong balance sheet they are emerging from the challenges of the recession with ambitious plans for future growth, both organic and by acquisition.

This is a 'fast track' appointment arising out of internal promotion and offering real career development opportunities over the next 2-3 years. The person appointed will report to the Group Controller and be a member of a small professional team which provides support to the Group Executives to enable them to monitor and enhance the performance and profitability of operating subsidiaries.

The job therefore has demanding standards in terms of commercial realism, analytical precision and communication skills. The corporate culture is ethical, disciplined and professional. The climate is informal.

Applicants must be graduate Chartered Accountants with a sustained record of high achievement. Precise experience is less important than strong personal qualities although candidates with exposure to a manufacturing environment will have some advantage.

Please write with full CV, including salary history and daytime telephone number quoting reference 1749/FT, to Dick Phillips ACIS, Phillips & Carpenter, 2-5 Old Bond Street, London W1X 3TB. Tel: 071-493 0156 (24 hours).

Phillips & Carpenter  
Selection Consultants

## INTERNATIONAL BANKING

Europe/Far East/USA - Highly competitive remuneration package

Our client is one of the most prestigious banking organisations in the world. The quality and diversity of its products together with its global presence is the envy of most of its competitors and commands the respect of all of them. Now entering a phase of growth the Bank wishes to recruit additional staff in London to strengthen a highly regarded audit function.

Ideally, candidates must meet the following requirements:

- A depth of experience (minimum 2 years) in a financial services auditing environment.
- A commitment and potential to succeed to a position of greater seniority within 2-3 years.
- A willingness to travel and spend periods of 4-6 weeks in a variety of locations, principally Europe but also including the Far East and the USA.

Preference will be given to qualified Accountants and graduates but consideration will be given to applicants who can demonstrate technical skills and experience of the banking sector combined with enthusiasm, management skills and sound commercial judgement.

The experience gained in this position will considerably enhance a knowledge of international banking and creates the opportunity for career progression within the Bank on a worldwide basis.

In the first instance contact Chris French at the address below or call him outside office hours (up to 10 pm) on 081 398 7640.

All applications made direct to the client will be forwarded to the Fleet Partnership for consideration.

the fleet partnership

Financial Recruitment Consultants

117 Newgate Street, Old Bailey, London EC1A 7AE. Telephone: 071-600 6500 • Fax: 071-600 6300

...join a leading consultancy in European financial recruitment

## EUROPEAN SEARCH &amp; SELECTION CONSULTANTS

London Based

Excellent  
Basic Salary  
+  
Bonus  
+  
Car Scheme



FSS Europe (part of FSS Financial Selection Services) is a leading London based specialist financial search and selection consultancy operating throughout Europe.

Over the past two years we have established a team of consultants who have successfully penetrated a number of key European markets. We have developed our competitive edge by providing multinational clients with innovative solutions to recruitment problems and by delivering an effective service of the highest quality. We intend to build on our current position as well as expand into new European markets.

We are now looking for additional consultants, to be based in London, who will creatively market FSS Europe's services and develop business relationships quickly leading to assignments being won and successfully handled. You will be expected to undertake international travel.

People who join us in these challenging and highly rewarding positions will be 25-35 years old, possess a high degree of motivation and be committed to succeeding in a sales environment. We are keen to hear from candidates of all nationalities but particularly those from Germany, Italy, Benelux, Eastern Europe and the UK. Previous recruitment, sales or accountancy experience is preferred but not essential. All applicants must be able to speak and write in English and be prepared to be based in London.

For further information please call John Bowman or Mark Stewart, at FSS Europe on (44) 71 209 1000 (evenings on (44) 474 874473, (44) 256 810286 (fax number (44) 71 209 0001) or write to Charlotte House, 14 Windmill Street, London W1P 2DY, United Kingdom.



20

## Accountancy Personnel

## MANAGEMENT ACCOUNTANT

Watford, Herts

£22-£24,000 + Benefits



The Company

Parker Hannifin is the leading worldwide manufacturer and supplier of motion and control technology. A US multinational with operations throughout Europe, the Corporation has a turnover of \$2.5 billion and employs more than 25,000 people around the world. The Watford location is the base for the UK operation of four divisions, encompassing two manufacturing plants and two sales service centres. The Finance Team is now seeking to recruit a Management Accountant.

The Opportunity

This is a key role covering the production and development of management information for the operations, providing a UK wide Management Accounting Service. Responsibilities will include:

- Monthly production of Costing P & L data and inventory valuation using a standard costing system.
- Development of performance measurement systems within a changing manufacturing environment.
- Development of the costing system within the context of a major operating software upgrade. J.O. Edwards Manufacturing Distribution and Financials is being implemented across the operations.
- Ad hoc product costing and activity based costing projects for operational management.

The Candidate

This position is ideally suited to a Finalist or Newly Qualified ACMA/ACCA. The successful candidate will have a thorough understanding of technical accounting issues in a standard costing environment. It is likely that he/she will have several years' experience in Manufacturing with a minimum of two years in a costing role. Exposure to US reporting requirements and the use of financial software within an AS400 environment would be an advantage. The role will suit a change orientated and innovative individual. This position offers a competitive salary and benefits package, including BUPA, Contributory Pension Scheme and 25 days holiday, as well as excellent career opportunities within a progressive and dynamic company.



This position is being handled exclusively by Accountancy Personnel. For further information please contact our Recruitment Advisor Lisa Wallace or write enclosing a full CV to: Accountancy Personnel, 78 Station Road, Watford WD17 1EG. Tel: 0923 228332. Closing date for applications: 22nd June 1994. Parker Hannifin is an equal opportunities employer.

Hays

Group Finance Manager  
International Consumer Goods PLC  
N. Home Counties c.£35,000 plus car

Our client is a fully listed international branded consumer goods group with annual turnover in excess of £250m. Following a period of reorganisation the group is preparing to embark upon a crucial stage in its development. To assist in successfully managing this development at group level, and to further strengthen the small head office team, this new position has been created.

Reporting to the Group Finance Director, your broad and challenging brief will be to develop and implement tight control systems which will lead to a more structured approach to the management of cash and working capital throughout the group. You will also be required to manage a variety of projects and ad-hoc exercises consistent with PLC activity. Some international travel will be necessary.

This exciting role requires a qualified accountant with strong technical skills, an analytical approach and an understanding of group reporting. You will currently be working either in a line position with a large, distribution orientated business, or in a non-audit position within the profession. Probably aged 28-35, you will possess excellent communication skills and the potential for rapid progression within the group.

Please apply in confidence with a full CV and salary details to: J.D. Vine, Vine Potterton Ltd, Suite 26, Ludgate House, 107-111 Fleet Street, London EC4A 3AB.

VINE POTTERTON  
RECRUITMENT ADVERTISING

## FT/LES ECHOS

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone: Philip Wrigley on +44 71 873 3351

**AUGAT****FINANCIAL CONTROLLER - EUROPE****Midlands****up to £30,000 + Car & Benefits**

Augat Ltd. is a leading international supplier of electrical connectors to the automotive, computer and telecommunications industries. Due to an expansion of its product lines and consolidation of its European operations, the company is expanding its accounting group in the Midlands.

You will report to the VP-Finance and Administration-Europe who will be returning to the US parent within the next few years. A qualified accountant, your background reflects a broad understanding of the commercial issues facing an

international manufacturing company trading throughout Europe.

With full responsibility for the general ledger, corporate reporting and the development of systems and procedures, you will also be responsible for the personnel and I.T. functions. You will be expected to play an integral part in implementing changes, and in creating new systems and procedures, as the group continues to expand.

Please send your CV and covering letter to:

**Bartwell****International Recruitment (UK) Ltd.,**

Crest House, 7 Highfield Road, Birmingham B15 3ED.



The Institute of Chartered Accountants in England and Wales

**Director of Practice Regulation**

The Institute employs a Secretariat of some 450 people, supporting a worldwide membership of over 100,000.

Based in London, the Practice Regulation Department employs 40 professional and administrative staff who service relevant committees, regulate members and firms practising in the reserved areas of Auditing, Investment Business and Insolvency, and monitor compliance by all practitioners with the professional indemnity insurance regulations.

A reorganisation following a retirement will create this vacancy, and both internal and external candidates will be considered. Reporting to the Secretary and Chief Executive, the new Director will be responsible for the effective management of the department.

Candidates are likely to be aged between 38 and 52, graduate accountants, with substantial managerial experience in a professional service environment. It would be an advantage to have been involved in regulatory and compliance matters, most likely to the profession, the financial services or regulatory bodies.

Important personal qualities will be well-developed leadership and managerial abilities, first-class administrative and communications skills, an analytical mind and an interest in committee work, as well as competence in the use of IT, and the drive and dedication to handle a diverse and demanding workload.

A salary in excess of £70,000 will be negotiated; in addition there is an attractive benefits package.

Please reply in confidence to Bryan McCleery who is advising on this appointment.

**CLIVE & STOKES INTERNATIONAL**

No. 1 Derby Street, London W1Y 7HD. Telephone: 071-408 2192

**Group Financial Director****London based c£45,000 negotiable + package**

As a well established London based Construction company with a turnover of \$40m, we are seeking to appoint a Group Financial Director with a minimum 5 years construction industry experience.

As a member of the board you will be expected to formulate and maintain financial policy and make a significant contribution to the strategic management and continuing profitable growth of the business.

This is a challenging role requiring a qualified accountant (degree plus ACMA or equivalent), ideally aged mid 30s to mid 40s with a dynamic proactive management style and excellent interpersonal and communications skills.

Please send full written details in confidence to: Box A2076, Financial Times, One Southwark Bridge, London SE1 9HL.

**FINANCE DIRECTOR****CENTRAL LONDON****AGE 28-35****c.£50,000 + BONUS + BENEFITS**

This young and dynamic quoted Group is a leading independent provider of structured finance and related specialist services. From a strong balance sheet position the Group is now poised to grow its existing operations and expand into new areas.

There is now a requirement for a Finance Director to join the executive team to provide strong financial management and to support the development of the Group in its long term strategy, ensuring that the highly positive cash resources are applied to maximum effect.

Participating at Main Board level, you will have responsibility for all accounting and finance matters, especially

in the key areas of treasury management, control and systems enhancement and taxation. The successful candidate will be expected to contribute greatly to the commercial development of the Group by providing sound but creative financial solutions and strategies.

Having functional control over a finance team of up to 8, strong management and communication skills are prerequisites, especially as you will also be responsible for liaising with institutional investors and external advisors.

Candidates will be graduates, ACA qualified and be able to demonstrate significant career development outside of the

accountancy profession and display real commercial awareness. Experience should have been gained in a financial services environment and a thorough understanding of leasing, property, acquisition evaluation and financial instruments will be required, as well as the ability to deal with legal documentation.

Above all, the successful individual must have the energy, drive and maturity to operate at Board level, together with strong technical and commercial skills.

Applicants should write to Jon Boyle ACA or Giles Danbury at Robert Walters Associates, 25 Bedford Street, London, WC2E 9RP. Tel 071-379 3333, fax 071-915 8714.

**ROBERT WALTERS ASSOCIATES****Director of Finance****International Law Firm****City****£50-£60,000 + benefits**

Our client, a medium sized multi-national partnership of lawyers, is one of the top insurance litigation practices in the UK and one of the leading City firms in construction law. Although well established, the firm has a large number of young, high calibre partners with drive and a flexible, progressive approach. The firm's success and resulting growth have led to an increased need for financial expertise, and a skilled, ambitious finance professional is now required for a challenging role.

Reporting to the Management Board, you will play a key role in the strategic and commercial decision making processes. You will be responsible for highlighting relevant issues and advising on the financial affairs of the firm, ensuring that an accurate and efficient service is provided through the management development and training of the finance team, introducing effective procedures and controls and developing existing systems.

To succeed in this demanding role you will be a qualified accountant with direct experience of the financial management of a law firm and its accounting systems. A practical hands-on approach, combined with the ability to make a positive contribution at a strategic level, is essential. Probably in your mid-thirties to early forties, you will have strong management and communication skills, a mature personality and the ability to inspire confidence in partners and colleagues.

**IBDO**

To apply please send a CV with salary details quoting reference 1733 to Richard Holland (071-489 6244).

**BDO Consulting, 20 Old Bailey, London EC4M 7BH.**

**GLOBAL FMCG MARKET LEADER****Operational/MIS Review****Managers from £40,000 + fx car****Senior Auditors from £30,000 + fx car**

One of the world's most successful FMCG companies, our client - a highly focused food and drinks group - is a major player in each of the 50 countries in which it operates. Following restructuring and a series of promotions, the high-profile London-based International Operational Review team now seeks a number of Managers and Senior Auditors.

Covering operations in Europe, Africa and the Asia Pacific region the team assists senior management in achieving business objectives, by leveraging best practice through proactive added value reviews of financial and operational controls and procedures. In addition, team members undertake consulting assignments including acquisition and disposal reviews and analysis as well as ad hoc secondments to the businesses.

**Senior Audit Manager**

Responsible to the Group Director of Audit, candidates will have developed good business acumen plus project and people management skills during approximately 8 years' experience in a variety of roles.

**MIS Manager**

Also reporting to the Group Director of Audit, this position is responsible for driving forward the technological aspects of the department. Consequently, up to date knowledge of a variety of communications, software and hardware systems is important; 10 years' experience is therefore expected.

**Senior Auditors**

Positions exist both for integrated auditors and IT specialists: the former will be ACA or CIMA qualified with up to 4 years' experience. Audit experience is not essential; more important is a record of achievement in a Big 6 practice or major PwC. IT specialists will have had significant project management and systems implementation experience, or have been involved in developing business applications.

In all cases, as the department uses integrated audit techniques some exposure to computer systems is essential. Other pre-requisites include an excellent academic and career track record, enthusiasm and strong interpersonal skills. With worldwide travel of c50%, foreign languages, international cultural and commercial skills would be an advantage.

Individuals can expect to progress within 2 years; recent moves include a UK controllership of one of the group's leading brands and a management role in Corporate Finance. The exceptional career opportunities in the UK and worldwide are matched by a superb salary and benefits package, which includes fully expensed car and bonus.

Interested applicants should send or fax their CV quoting ref. 068 or for more information contact us on 071 329 4649, or during the evenings and weekends on 071 231 8272.

**ALDERWICK CONSULTING**

SEARCH &amp; SELECTION

OLD BAILEY HOUSE, 7 OLD BAILEY, LONDON EC4M 7BH. TEL: 071-329 4649 FAX: 071-329 4677

**FINANCE DIRECTOR****C London****package c£40,000***"There are no problems - there are just opportunities"*

The saying could have been coined for our property development clients who have not just survived the recession, they have flourished. By buying cautiously, designing imaginatively and controlling professionally they have become a high-profile plc with prize-winning developments to their credit.

They now wish to appoint a Finance Director to join the management team. Experience in property is not essential but applicants must be qualified and combine good technical ability with a strong sense of commercial realism in a business where the conflicts of style and cost are constantly being balanced and where cash flow is all-important. Characteristically the company has few direct employees and an informal 'hands-on' style is therefore essential. Ideal age range is 32-37.

Please write with full CV, including salary history and daytime telephone number quoting reference 1750/FT, to Dick Phillips ACIS, Phillips & Carpenter, 2-5 Old Bond Street, London W1X 3TB. Tel: 071-493 0156 (24 hours).

**Phillips & Carpenter**

Selection Consultants

**INVESTMENT ACCOUNTING MANAGER****Central London****circa £40,000 + Car + Bonus**

Diverse financial services Plc noted for their success in dealing in global markets, has undertaken recent acquisitions to the group.

This significant growth reveals the need for an accountant to strengthen investment accounting procedures, supervise valuations for all funds (ability to price stocks, bonds, swaps, options and futures important) produce regular management information and tax computations and ensure strict application to internal controls.

The successful candidate will be a chartered accountant with at least 3 years post qualified experience (securities industry experience essential) and highly computer literate. An effective communicator with strong leadership and interpersonal skills he/she will liaise at a senior level and possess the ability to influence corporate decisions and demonstrate developed man management skills.

For further information please contact Gary Johnson or Simon J. Clarke on 071-629 4463 or send your C.V. to the address below.

**HARRISON WILLIS**

FINANCIAL &amp; LEGAL RECRUITMENT CONSULTANTS

Cardinal House, 39-40 Albemarle Street, London W1X 3FD. Tel: 071-629 4463 LONDON • READING • GUILDFORD • ST ALBANS • BRISTOL • BIRMINGHAM

## Managing Director – Finance or Head of Risk Management Investment Bank

£100,000 – £300,000

Our client is a respected and highly profitable bank based in the City with overseas offices. There is an immediate need to establish a new risk management function. Longer term, a Managing Director is required to head all the bank's support services: financial control, credit control, systems, treasury, compliance and audit. An exceptional candidate could succeed the bank's Chief Executive in the medium term.

Our client will make a single appointment – hence the wide remuneration range and alternative job titles.

Candidates may have a specific interest in establishing the risk management function or be ready to take responsibility for all the bank's infrastructure functions and have the ambition to be Chief Executive.

Very high intellect, stature and excellent leadership and interpersonal skills are essential at whatever level the appointment is made. The right person will probably have a background in financial services, but not necessarily in banking. An accountancy qualification would be a plus. Age is open, but probably between 40 and 45.

Applicants' names will not be disclosed to our client or to anyone else without their specific approval.

Please apply to James Hervey-Barbours.

NBS (Ref BN2183), 54 Jermyn Street, London SW1Y 6LX



NBS SELECTION LTD  
a NBS Resources plc company



LONDON 071 493 6392  
Aberdeen 0224 638080 • Birmingham 021 233 4656  
Bristol 0272 291 042 • Edinburgh 031 220 2800  
Glasgow 041 204 4334 • Leeds 0532 653830  
Manchester 0625 539953 • Slough 0753 819227

## TRADE INDEMNITY PLC Assistant Financial Controller

c£32,000 pa plus benefits and car

Trade Indemnity is the UK's leading trade credit insurer and our core business is to provide companies with payment protection on their credit sales. This core business, together with a growing portfolio of related products, makes our Group the most comprehensive provider of credit risk management services.

The Group intends to remain the market leader and profitable growth leads us to offer the above appointment which is based from the London Head Office.

Responsible to the Financial Controller, the successful candidate will be ACA or ACCA qualified with 5 years post qualification experience. The role will suit an individual who is self-motivated, familiar with working within tight deadlines, an excellent communicator at all levels and used to managing financial teams.

Additionally, our rapid development of systems and technology means that, as well as financial accounting and corporate taxation expertise, computer literacy is essential.

The fringe benefit package includes mortgage subsidy, non-contributory pension scheme, free life insurance and profit share.

If you would like to be part of our success, then please write with full career details to:

Alan Suckling, Manager – Personnel  
12-34 Great Eastern Street, London EC2A 3AX.



The Royal Bank of Scotland  
WHERE PEOPLE MATTER  
Committed to Equal Opportunities

## CHIEF ACCOUNTANT – Branch Banking Division Edinburgh

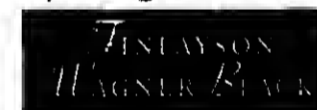
The corporate aim of The Royal Bank of Scotland is to be recognised as the best financial institution in the UK. Branch Banking Division is the largest part of the group, offering a full range of banking and financial services to both personal and commercial customers in the UK and offshore islands.

Internal promotion has created an opportunity for an experienced and ambitious professional to play a high profile role within the business. The responsibilities fall into two key areas: firstly managing the financial planning and reporting mechanisms from strategic plans to monthly management accounts, emphasising and explaining the main business issues and highlighting the emerging trends; secondly, enhancing the quality of the financial information through more project-based work to give greater insight into the financial dynamics of the Division.

Candidates will have at least 8-10 years post qualifying and relevant experience. Over and above this they must demonstrate strong levels of energy and the ability to develop successful and credible relationships at senior levels. The management skills to lead five managers and thirty staff are also necessary.

Naturally a very attractive salary and benefits package, including relocation, will be offered to the successful candidate.

Please write with full CV to:  
Scott Black, Finlayson Wagner Black Ltd,  
19 Alva Street, Edinburgh EH2 4PH. Tel: 031-639 7087.



EXECUTIVE RECRUITMENT

## FINANCIAL CONTROLLER – MANUFACTURING

c. £40,000  
+ Car  
+ Bonus

Hi-Tech  
Multinational

Thames Valley



MARTIN WARD  
ANDERSON  
FINANCIAL RECRUITMENT CONSULTANTS

Our client is a fast growing multinational hi-tech public company with over 80% of sales deriving from export markets. Manufacturing operations are based in Europe and the USA, and plans include future manufacturing in other international regions.

Rapid technological change and innovation, coupled with business expansion, now demands that the international manufacturing operations be evaluated. The objective is to ensure that optimum product sourcing arrangements are in place to match future strategies.

These challenges have created a need to recruit a senior finance professional to support the Manufacturing management team. Reporting to the VP Manufacturing, responsibilities are to:

- ▲ develop strategic and operational business planning
- ▲ support major manufacturing investment initiatives
- ▲ design and implement product costing systems
- ▲ develop key manufacturing performance indicators
- ▲ evaluate product sourcing arrangements
- ▲ assist in the negotiation of supplier contracts
- ▲ provide commercial advice and support for Manufacturing management.

A qualified graduate calibre accountant is required, probably aged 28 to 35. Experience of international manufacturing and costing is essential, preferably gained in a hi-tech, consumer goods or other product based organisation. Personal attributes should include good communications skills, leadership qualities, team orientation, strong intellectual ability and a creative approach to problem solving.

Candidates should write to Peter Ward ACMA (enclosing a curriculum vitae and details of current salary) at: Martin Ward Anderson, Goswell House, 134 Peasod Street, Windsor, Berkshire SL4 1DS. Please quote reference 94087.



## UK Financial Controller

Birmingham

Package c £30-40,000 + Car

JBA is an expanding £74 million turnover international group operating as a computer software house. The Company is the largest UK based AS400 business application software supplier and the third largest such organisation in the world.

The current size and future potential of the UK Business demands the appointment of a Financial Controller. Reporting to both group and regional general managers significant strains will be put on the successful individual, and a very strong personality will be required to make a success of the position.

Specific responsibilities will include the preparation and presentation of monthly and annual accounts, control of the annual budgeting process, supervision of several staff, and ad-hoc reporting as required both by group, and most importantly, to provide a

disciplined financial perspective to the general management team.

Aged 25-35, you will be an ambitious, qualified accountant with experience in a fast moving, competitive industry, ideally liaising with general management as well as finance. Technical experience, strong personal presence and outstanding communications skills will be essential in this high profile role.

Final package will be based upon experience, but the range is broad to reflect the flexibility offered if the right individual is found.

Applicants should forward a CV, including current salary details to Adam Leon or Paul Kinsey at Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham B4 6QD. Quoting ref: 191460.



Michael Page Finance

Specialists in Financial Recruitment  
London Bristol Windsor St Albans Leatherhead Birmingham  
Nottingham Manchester Leeds Glasgow & Worldwide

## FISHER-ROSEMOUNT

## Senior Financial Analyst

Redhill, Surrey

to £32,000 + Car

Our client is a \$650m turnover manufacturer of control equipment for supply to large industrial chemical and process industries. Part of the Emerson Electric Corporation of the US, the company enjoys an enviable reputation in its field, achieving high and consistent earnings growth, largely as a result of a commitment to strong financial management.

Reporting to the Director of Financial Planning, and with direct contact at senior executive level, this is a key role focusing on driving operational benefit and maximising return for 40 locations and 10 factory sites. This involves:

- Monthly analysis of actual against forecast.
- Consolidation of management reports for both financial and non-financial measurements.
- Preparation of the annual and long term plan including budgets and forecasts.
- Ad hoc projects.

The successful candidate will be a qualified accountant with a high level of academic achievement and considerable experience in a manufacturing environment. This is an ideal opportunity for a financial planning analyst to move from a plant or factory environment to gain experience at head office level. Experience in a multi-site US environment would be a significant advantage.

Strong communication skills with an ability to deal at the highest levels will be combined with considerable flexibility and a willingness to travel. It is expected that career progress will lead to a senior financial position in an international location in the future. An advanced level of spreadsheet ability is essential and this will be tested at interview.

Interested candidates should send their Curriculum Vitae to Jonathan Ross at Cygnus House, 45-47 High Street, Leatherhead, Surrey, KT22 8AG, quoting reference BB80 185490.



Michael Page Finance

Specialists in Financial Recruitment  
London Bristol Windsor St Albans Leatherhead Birmingham  
Nottingham Manchester Leeds Glasgow & Worldwide



TOR LINE

## FINANCIAL CONTROLLER

Excellent Salary, benefits and car

Humberside

TOR LINE Limited is the UK subsidiary of TOR LINE AB, a major Swedish Shipping Company and a division of the DFDS Group. As the leading freight carrier on the North Sea routes, the company serves the market in the traffic areas between Sweden, the United Kingdom and the Continent.

Planned expansion of the UK operation has created an exciting ground floor opportunity for a talented and

customer orientated finance professional to assume full responsibility for establishing the accounts function.

The successful candidate will be a professionally qualified accountant who can demonstrate a track record which encompasses management as well as technical skills, ideally gained within a customer focused environment. Responsive and adaptable, you will demonstrate a 'hands on' approach together with good commercial judgement.

This is a tremendous opportunity for the right individual and applicants should write enclosing full C.V. and details of current salary to Terry Bibby, Mercuri Urval Ltd, Ship Canal House, King Street, Manchester, M2 4WU, quoting ref: TB/9323.

Mercuri Urval

## Group Finance Professionals

UK Stockbroker

to £30,000 + Bonus + Benefits

Our client is a leading corporate stockbroker with an excellent reputation for research and quality of service. In recent years they have undergone a significant period of development and they are now seeking to strengthen their finance department by the recruitment of two additional accountants.

### Financial Accountant

You will report to the Group Financial Accountant and be responsible for preparing monthly profit and loss accounts and balance sheets, SFA, quarterly VAT and other returns. You will also be involved in a variety of ad hoc project assignments.

### Management Accountant

You will report to the Group Management Accountant. The role includes weekly financial forecasts and the preparation of monthly management accounts. You will also provide assistance in financial planning, analysis and related project work.

Candidates will be qualified ACA, CACA or CIMA with up to two years post-qualification experience. Some financial or management accounting experience is essential although financial services experience is not required as the emphasis will be on team players with strong interpersonal skills and the ability to work well under pressure. These are excellent opportunities to fully develop your potential in a supportive and exciting environment.

Interested applicants should contact

Andrew Fisher, Parkwell Management Consultants Ltd

3 Catherine Place, Westminster SW1E 6DN Tel: 071 233 5207 Fax: 071 233 5205

PARKWELL

## International Financial Analyst

London

To £40,000 + Car  
+ Bonus

Our client a leading UK services group with a turnover of £1.1bn, has maintained its position as a dominant market leader despite increased competition in its specialist sector. A recently appointed high calibre management team coupled with an increased commitment to product innovation, and a corporate strategy orientated towards the provision of superior customer service, will create substantial domestic and international business opportunities.

Recent internal reorganisation has generated the need to augment the management team with the appointment of an exceptional Financial Analyst. Reporting to the Finance Director of the International Division, the appointee will be responsible for a variety of commercial and analytical issues facing the division. Specifically, this will encompass the evaluation of capital expenditure proposals, the analysis of revenue, cost and margin information for senior management, and extensive business re-engineering. The successful candidate will work closely with management teams in operating countries.

This opportunity will appeal to a self-motivated, high calibre accountant (aged 28-32) with a minimum two years blue chip commercial experience, outside of public practice. Some degree of international exposure, and an ability to speak one or more European languages, is highly desirable. In addition, key requirements are sound commercial judgement, a proactive work style, and an ability to initiate and manage change.

The rewards include an attractive remuneration package together with company car, generous performance related bonus and excellent career prospects in a successful and growing group.

Interested applicants should write in the strictest confidence to Belam Hamill or Robert Walker, forwarding a curriculum vitae to our London office quoting ref: RH1816.

**WALKER HAMILL**  
Executive Selection

29-30 Kingly Street Tel: 071 287 6285  
London W1R 5LB Fax: 071 287 6270

## Financial Planning & Analysis Manager

Specialised Financial  
Services Group

NW London

£45,000 + Car + Benefits

Our client is a household name and market leader in providing specialised insurance, together with related products and services, to its customers in key niche markets. The group comprises 5 operating businesses with a combined turnover of around £250 million p.a. and 4,000 staff. The group is successful and innovative with exciting yet realistic plans for expansion both in the UK and Europe.

We seek a Financial Planning and Analysis Manager to join the executive team at corporate HQ. Managing a department of 4 staff, the job holder's main responsibilities will include monthly management reporting on all aspects of Group and subsidiary performance; financial analysis; leading the strategic planning and annual budgeting process; strategic business reviews; financial control over HQ expenditure; systems development and ad hoc exercises. The position reports to the Finance Director and career prospects are excellent.

Candidates must be graduate, qualified accountants, in their thirties with at least 4/5 years post qualification experience, preferably gained in a substantial multi-site service business. Ideally, they will demonstrate relevant experience gained in both corporate HQ and line management positions in the financial services, insurance or related sectors. Computer and P.C. literacy is also important.

The attractive benefits package includes a negotiable salary, fully expensed executive car, non-contributory pension, London weighting allowance and private healthcare.

Please send your career and current salary details, together with a daytime telephone number to Barry Skates, Hoggett Bowers, George V Place, 4 Thames Avenue, Windsor, SL4 1QF, 0753-850851, Fax: 0753-853339, quoting Ref: WBS14339/FT.

**Hoggett Bowers**

EXECUTIVE SEARCH AND SELECTION

## Financial Controller

Sevenoaks · c£35,000 + benefits

The Defence Research Agency is an Agency of the Ministry of Defence. Our mission is to be the prime provider of technical advice to the MoD. We also provide advanced technical services to other Government departments and to private industry. Under the leadership of a Chief Executive recruited from industry, we are undertaking a dramatic programme of change to become a progressive, professional and efficient commercially-run organisation, whilst preserving our traditional scientific excellence, objectivity and international standing.

In this new climate, high profile roles of strategic importance are being created for exceptional professionals whose technical skills are matched by real vision and an appetite for the challenge of change.

A requirement has arisen within the Operations Group for a business driven, instinctively commercial, qualified accountant of graduate calibre. We are seeking an individual whose experience has been gained within a professional, progressive environment with strong control disciplines and high financial reporting standards who can work effectively with financial and non-financial colleagues.

Reporting directly to the Sector Director, the Financial Controller will be responsible for the timely and accurate presentation of financial information to meet internal reporting requirements as well as providing customers with meaningful explanation of financial performance. The individual will also be part of the Management team and will participate in the development of business opportunities, which will include introducing and monitoring Sector Performance Measures.

Personal qualities will include a practical approach combined with high levels of energy, enthusiasm and commitment.

Remuneration is negotiable and will include a performance related bonus. This position is initially offered on a three year fixed term basis which may be extended to a maximum of five years.

Please forward your current CV, quoting ref CESF71, by 30th June 1994, indicating why you wish to apply and what contribution you feel you can make to the work of the DRA to: Mrs Julie Phillips, CES Personnel, Building A3, DRA Fort Halstead, Sevenoaks, Kent TN14 7BP.



Defence Research Agency

WE ARE AN EQUAL OPPORTUNITIES EMPLOYER

## Contrôleur de Gestion

Salaire Motivant

Arras

(180KM AU NORD DE PARIS)

Filiale du groupe britannique BTR plc, nous fabriquons et distribuons des batteries industrielles et des détecteurs de gaz. Notre chiffre d'affaires annuel est de l'ordre de 700 millions de francs et notre effectif de 1000 personnes. Pour secondar notre Directeur Financier, nous recherchons notre Contrôleur de Gestion. Sa mission comprend le reporting mensuel et annuel, l'établissement des coûts standards, des budgets et des prévisions, l'analyse des écarts, l'assistance décisionnelle aux cadres commerciaux et de production, la gestion financière des stocks ainsi que des missions ponctuelles. Il gère une équipe de quatre personnes. Le candidat retenu sera un comptable de haut niveau ayant déjà

démonstré sa compétence professionnelle et relationnelle dans un environnement industriel multi-produits, utilisant de préférence, les coûts standards. La capacité de gérer simultanément des problèmes complexes, ainsi que la fermeté et la diplomatie sont nécessaires pour réussir dans un rôle qui lie rigueur comptable à flexibilité commerciale. Une parfaite maîtrise de l'anglais et une bonne pratique du français sont requises.

Pour ce poste clef nous offrons un salaire motivant, le remboursement des frais de déménagement raisonnables, un environnement dynamique et changeant et des perspectives de carrière intéressantes. Le poste est basé à Arras. Veuillez adresser CV complet, lettre manuscrite et photo à Mr C Smith, Directeur Financier, Othman France SA, BP962, 62033 Arras Cedex, France.



## The Top Opportunities Section

Advertise your  
senior  
management  
positions  
to Europe's  
business  
readership.  
For information  
please contact:

Philip  
Wrigley  
071 873 3351

## Divisional Financial Controller

Career growth with an expanding  
electro mechanical contractor

Jeddah

c\$40,000 + performance bonus (tax free) + benefits

Our client - a subsidiary of a major group - is undoubtedly one of the fastest growing and profitable businesses in Saudi Arabia. Majoring in construction services and healthcare, the company has adopted the highest standards of management, investment in staff and technology, and is committed to a dynamic, non-hierarchical structure.

As a result of its policy of devolving authority from the group head office, the company now seeks a capable and energetic financial professional to join the management team of its key Electro-mechanical Services Division.

Although reporting to the Group Chief Financial Officer, you will work closely with the Divisional General Manager as you will have full responsibility for the financial management, reporting and control of the Division. This will involve leading and developing your own team of high calibre accountants working across a growing range of projects and locations, as well as taking a central role in the introduction and maintenance of effective control systems.

This is a hands-on role which also requires

the ability to 'stand back' and take a strategic viewpoint, when necessary. It also calls for a self-assured individual, with developed decision making skills, who is in sympathy with the company's team-based, non-traditional approach.

Probably in your mid-thirties and a university graduate, you will be a qualified accountant with at least seven years' experience covering cash management, contract margin management, control of project manpower costs, purchasing controls, and project forecasting. A background within construction services or a similar project-based environment would be ideal and managerial ability, commercial awareness and IT skills are essential. Previous exposure to the Middle East would be a distinct advantage.

In return, you will enjoy a negotiable tax free salary, together with a first-class range of expatriate benefits and the excitement of a truly dynamic working environment. Please write - in confidence - with full career and salary details to Ghasean Vaziri, Ref:1358/6, MSL International Limited, 32 Aybrook Street, London W1M 3JL.

**MSL International**  
CONSULTANTS IN SEARCH AND SELECTION



## Financial and Commercial Director

Leatherhead, Surrey

c.£50,000 + car + bonus

ERA Technology is a well established, independent company providing leading-edge research, development, design and testing services in electronic, electrical, materials, structural and general engineering. This international company, one of the largest of its kind in Europe, and having offices in the USA and Singapore, has a worldwide reputation for innovation and achievement. It has grown steadily and been profitable for the past 20 years.

The current Director responsible for the financial and commercial aspects of the company is about to retire and an experienced replacement is required.

As a member of the Board, the appointed candidate will work very closely with the Managing Director to ensure that the company performs in line with its commercial and financial objectives. He/she will be responsible for experienced teams in the Finance, Contracts, Personnel and Operations Support Departments and will work closely with other Directors in this forward-looking, strategic role. There is strong commercial

emphasis and the successful candidate will play an important part in leading major contract negotiations and reviewing collaborative arrangements and potential acquisitions.

Aged in their late-30s to mid-40s, candidates must be qualified accountants with at least ten years' relevant experience in the manufacturing or engineering sectors, ideally in a hi-tech environment. Previous experience of contracts negotiation is essential, and exposure to international operations highly desirable. Candidates must have the interpersonal skills, authority and self-confidence to earn respect and be credible both internally and externally.

In addition to the remuneration mentioned above, the package will also include a pension scheme, private health care and other executive benefits.

Please send a full CV in confidence to GKRS at the address below, quoting reference number 2921 on both letter and envelope, and including details of current remuneration.



SEARCH & SELECTION

CLAREBELL HOUSE, 6 CORK STREET, LONDON W1X 1PB. TEL: 071 287 2820  
A GKRS Group Company

## VODAFONE

## TREASURY MANAGER

Newbury, Berkshire

Attractive salary  
& benefits



With a dynamic record of growth, Vodafone Group Plc is a world leader in mobile telecommunications and is one of the top 35 UK companies by stock market capitalisation. With already over one million UK subscribers we are also developing extensive interests in Europe, Australia, the Far East and elsewhere in the world.

At our Head Office based in Newbury, we now have a challenging role for a bright, recently qualified Accountant wishing to develop Treasury expertise. This position offers the successful candidate opportunities to manage the Group's liquidity and expand accounting skills.

### The position:

- Reporting to the Group Treasurer with responsibility for treasury activities
- Managing group cash worldwide; acting as principal sterling dealer and providing advice to foreign subsidiaries
- Developing group cash and interest forecasting models
- Improving treasury systems and liaising with treasury accountants
- Responsible for providing accounting assistance in the group finance department
- Involved in ad hoc treasury and accounting projects

### The requirements:

- Numerate graduate
- Qualified ACA with experience of financial service companies and a desire to acquire the ACT qualification (assistance will be given)
- Awareness and understanding of financial markets and economics
- Strong systems skills with an ability to construct complex spreadsheets
- Team member with excellent communication and negotiation skills and able to pay close attention to detail

To apply please write enclosing a full CV stating why you feel you are suitable for this position, together with salary expectations, to Jane Boiston, Personnel Department, Vodafone Group Services Limited, The Courtyard, 2-4 London Road, Newbury, Berkshire RG13 1JL.

Please quote Reference No. VGFN018

Closing date for applications 30/6/94.

INVESTING IN PEOPLE AS WELL AS TECHNOLOGY

## DIRECTORS SEEKING A NEW ROLE?

Europe's leading outplacement and career management consultancy, InterExec has over 15 years' experience of managing career change for senior executives and many of Britain's largest companies.

By accessing over 6,000 unadvertised vacancies a year, mostly at £40 - £150,000 p.a. InterExec provides clients with vital market intelligence AND its subsidiary, InterExec, makes recommendations from its candidate bank without charge.

Call Keith Mitchell in London on 071 930 5041 or Isabel Reddie in Edinburgh on 011 225 8414  
19 Charing Cross Road, London WC2A 1BS 63 George Street, Edinburgh EH2 2JL

**INTEREXEC**  
THE UK'S LARGEST SOURCE OF UNADVERTISED VACANCIES

## APPOINTMENTS WANTED

FCCA (37)

6 years overseas  
experience with  
multinationals.  
Fluent IT/FR/PT  
seeks position.  
Flexible on location.  
Tel: 010 39 11 205.0635

**London SW1**

This position is new and will be extremely high profile. It will report to the Managing Partner and the board as a key member of the executive. The firm is one of the UK's leading property consultants with around three hundred partners and staff and is now moving slowly but confidently out of the recession. It has an enviable reputation for the quality of its work, and an enthusiastic and flexible approach to business.

Working closely with the Managing Partner and with a staff of over 20 you will have accountability not only for all financial matters, including management information, planning, financial management and control, treasury and IT, but also will direct and manage the personnel and administration functions.

**Touche  
Ross**

Robbie Ross  
Director  
International

**£70,000 plus bonus, and benefits**

You must be a highly capable individual whose track record reflects exceptional achievements at a senior level. You will probably be aged 35 to 45 and a qualified chartered accountant; more important however is high levels of energy and the ability to deal effectively at all levels within the business. Strategic planning skills will be extremely useful as will some appreciation of the way partnerships work.

If you feel capable of handling this exceptional challenge please send a comprehensive C.V. quoting your current remuneration package and daytime telephone number quoting reference 3398 to Bruce McKay, Touche Ross Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP.



MANAGEMENT CONSULTANTS

## Corporate Finance Systems Manager

£35,000 + car

London Underground is committed to improving the efficiency, cost-effectiveness and quality of its service. In the last few years, we've introduced major improvements to our finance systems, and this is set to continue as quality financial and management information enables us to make the best use of scarce resources and exploit business opportunities to the full. Your role will be to develop and manage the corporate finance systems department responsible for improving our financial and management accounting, asset management, revenue collection and cash management systems, so that departments can focus on their business purpose and measure the impact of business decisions. This will encompass the provision of training and quality assurance programmes.

As the company's expert on computerised corporate finance systems, you must have a high level of accounting expertise coupled with an up-to-date knowledge of mainframe, mini and micro computers, operating systems and technical standards. You will also need excellent organisational, communication and negotiation skills, if you're to successfully identify, evaluate and meet the requirements of your different customer groups.

The salary offered is backed by a generous range of benefits. This appointment is made initially on a two year contract basis with every possibility of renewal.

For an application information pack please contact Tracey Gabriel, Personnel Services, London Underground Limited, quoting reference UOV/108X on 071-918 1118 during normal office hours. Closing date for completed applications: 8th July 1994

Working Towards Equality.

Applications from women and ethnic minorities are particularly welcome.

### APPOINTMENTS ADVERTISING

appears in the UK  
edition every  
Wednesday &  
Thursday  
and in the International  
edition every Friday

For further information  
please call:

Gareth Jones  
on 071 873 3779  
Andrew Skarzynski  
on 071 873 4054  
Philip Wrigley  
on 071 873 3351

## FINANCE DIRECTOR

SPANISH SPEAKING

LONDON £38 - £48,000 + CAR + BENEFITS

EXPANDING FRESH FRUIT IMPORTERS, PACKAGING  
AND TRANSPORTATION GROUP SUPPLIERS TO  
LEADING RETAIL CHAINS T/O IN EXCESS £40M

Due to continued European expansion, A G Thames requires applications from qualified accountants, preferably ACA's, aged 20's to early 40's. Candidates should ideally speak Spanish and have a minimum of four years sound financial accounting experience in fast moving manufacturing or distribution environment.

The successful candidate will have experience in installing financial control and reporting systems. Experience of having worked in Europe is important. The selected candidate will report to and work closely with the Group Managing Director and will play a key role in formulating and achieving Group objectives. Frequent visits to the Group's Spanish operations will be required and will include implementing effective reporting systems and assisting local management with budgeting, control systems and general financial management.

The successful applicant will work with the Managing Director as member of an entrepreneurial team and will be responsible for the preparation of consolidated Group management accounts, as well as dealing with budgets, forecasts and capital expenditure projects. A strong and assertive personality is essential. Applications should write in strict confidence to the Managing Director, Thames House, Wanspice Road, Woolwich, London SE18 5NU.

**A G THAMES  
HOLDINGS LTD**

## FINANCIAL DIRECTOR DESIGNATE

9 months Contract  
£27,000

### Business Plan Preparation New Venture in Financial Services Industry

An experienced Finance Director is required to join the technical innovator and a small team to produce a Business Plan for a new company in the Financial Services Industry.

The product is a service that is made necessary due to legislation being enacted rapidly throughout the world.

Initially a fixed 9 months contract will be offered with a view to transferring to the permanent appointment of Finance Director.

We require a qualified accountant with highly developed business acumen aged between 35 and 45 years. It is essential that you have a minimum of five years experience operating at a senior level within a commercial organisation, preferably in the financial services industry and have a good knowledge of large computer systems. You

will have a high level of skill in the use of PCs and have good experience in the preparation and presentation of business plans and budgets.

Considerable energy, initiative and enthusiasm will be required allied to a shrewd approach.

You will need excellent interpersonal and communication skills with a strong personality and good presence.

As the company will be operating on an international basis, knowledge of major European languages will be an advantage.

To apply please send your full CV, including present salary, to:

Box A2079, Financial Times,  
One Southwark Bridge, London SE1 9HL.



AMBASSADOR AIRWAYS LIMITED

## FINANCE DIRECTOR GATWICK

We are the UK's fastest growing charter airline, and a subsidiary of a large private international group of companies.

Following relocation we have an opening for a financial director who will have overall responsibility for all of the financial requirements of the company. Although you will be reporting functionally to the overseas based group finance director, you will have a significant degree of autonomy and will be expected to bring considerable commercial expertise to this position.

This is a senior role having considerable impact on group finance matters and requires high level liaison throughout the group's operations and with major external agencies. Applicants should be graduates, ACA qualified, conversant with computers and information technology and possess the highest degree of drive, ambition, resilience and energy.

Interested applicants should apply in writing through our accountants:

Soteriou Banerji  
Chartered Accountants  
253 Gray's Inn Road, London WC1X 8QT  
Contact: Judi Harris

### New Islington & Hackney Housing Association

New Islington is a leading Housing Association which manages over 5,000 homes primarily in North East London.

## TREASURY MANAGER c. £25,000

We are now looking to recruit a Treasury Manager to manage our loan portfolio, liquidity requirement and assist the Finance Director in developing financial strategies to support current and future commitments.

Applicants must demonstrate the following:

- A relevant qualification (eg ACA, CICS, ACCA, IOB)
- Two years post qualified relevant experience
- Excellent negotiating and influencing skills

An understanding of the current financial pressures on Social Housing is highly desirable.

Closing date: 10am 23rd June 1994.

Interview date: 1st July 1994.

An application form and further information can be obtained from:

New Islington & Hackney  
Housing Association,  
Globe House, 8 Curtain Road,  
London EC2A 3NX  
Telephone: 071 417 0463  
Working Towards  
Equal Opportunities

**NI**

## Specialist Publishing Commercial Director

circa £45,000 plus car and potential for share options

This dynamic, highly profitable, privately owned publishing company operates in an established market within the Energy industry. It has several overseas offices and is continuing to expand rapidly in both product range (especially electronically) and its customer base. The Commercial Director will manage the finance function and contribute to strategy on a broad range of issues.

### THE APPOINTMENT

- Manage an experienced team and take responsibility for all aspects of financial accounting, timely management reporting, company secretarial duties and dealings with professional advisers.
- Ensure improved efficiencies through the implementation of additional software applications and cost control.
- Provide significant input to major contract negotiations and acquisition appraisals.

Please apply in writing with full CV and salary details quoting reference 90666/A to Geoffrey Mather.

### THE REQUIREMENTS

- Graduate, likely to be aged early thirties with a recognised accountancy qualification.
- A good track record of running a hands-on accounting and commercial function at least to Financial Controller level, probably in a smaller company.
- Evident experience of staff motivation and leadership.
- Highly computer literate, with drive, initiative and strong negotiating skills.

K/F Associates, 252 Regent Street, London W1R 5DA

**K/F ASSOCIATES**  
Selection & Search

## Mutual Funds Accounting Unit Head

Excellent Remuneration Package

Luxembourg

Citibank Luxembourg is engaged in global finance and private banking activities. Its rapidly growing Mutual Funds Department administers both Citibank and third party funds. An experienced and ambitious individual is now sought to head the accounting function for this expanding business.

### THE APPOINTMENT

- Manage a substantial team focusing on the accuracy and appropriateness of mutual fund net asset values.
- Play a key role in the development, implementation and valuation of new funds and of new instruments introduced into existing funds.
- Ensure correct accounting policies and procedures are adopted for new funds and investment instruments.
- Participate in client reviews and the annual budget; manage the auditing process.

Please apply in writing with a full CV and salary details, quoting reference 6440G, to Susannah Truswell.

### THE REQUIREMENTS

- Graduate, with strong intellectual skills, probably aged 30-40, with a recognised accountancy qualification.
- Currently working with an audit firm focusing on mutual funds or unit trusts, or alternatively based within a fund management house.
- Fluent French and English a prerequisite.
- Mature and dynamic with strong management, interpersonal and communication skills.

K/F Associates, Regent Arcade House, 252 Regent Street, London W1R 5DA.

**K/F ASSOCIATES**  
Selection & Search

## CFO POLAND

### FOR A FAST GROWING POLISH-WESTERN JOINT VENTURE BASED IN WARSAW (TURNOVER OVER 50 M\$).

The appointed candidate will be responsible for finance, accounting, budget control and MIS. Candidates should be graduate qualified accountant, probably ACA. Leadership and managerial skills are mandatory.

Fluency in Polish and English is required for this position.

Reply in confidence within 10 days to:

Box A2070, Financial Times,  
One Southwark Bridge, London SE1 9HL

## Director of Finance

c.£38,000

South Thames Training & Enterprise Council is dedicated to maximising the potential of individuals and businesses. By strengthening local enterprise to compete more effectively, we aim to stimulate economic growth throughout the South Thames area.

South Thames TEC, like the businesses it serves, must operate effectively. As Director of Finance, you will ensure that it does.

Reporting directly to the Chief Executive, the Director of Finance is responsible for all matters relating to the finance and accounting systems of South Thames TEC. As well as overseeing day-to-day procedures, you will advise on financial policies and strategy, propose courses of action and implement agreed plans on finance-related topics, including staff training and IT systems.

Applicants will be mature and experienced individuals with a successful record of financial strategic management, and be ICAEW, CIPFA or ICMA qualified. Good communication and management skills are required as is a 'hands-on' approach to practical accounting tasks.

This is a challenging position in an organisation which has to fulfil its own objectives by ensuring others achieve theirs. Commercial acumen is essential, with public sector experience particularly advantageous.

For an informal discussion telephone our Chief Executive, Mike Hanson on 071 403 1990 or send a comprehensive C.V. to Jan Hill, Human Resources Manager, South Thames Training & Enterprise Council, 208 Great Dover Street, London SE1 4YB. To arrive no later than 30 June 1994. Please quote reference DC126.

South Thames Training & Enterprise Council is committed to equality of opportunities.

LAMBETH • SOUTHWARK • LEWISHAM • GREENWICH  
IN PARTNERSHIP FOR GROWTH

## FINANCE DIRECTOR

### Humberside

### Shipping Services

We are a division of a UK Plc engaged in stevedoring, warehousing and distribution.

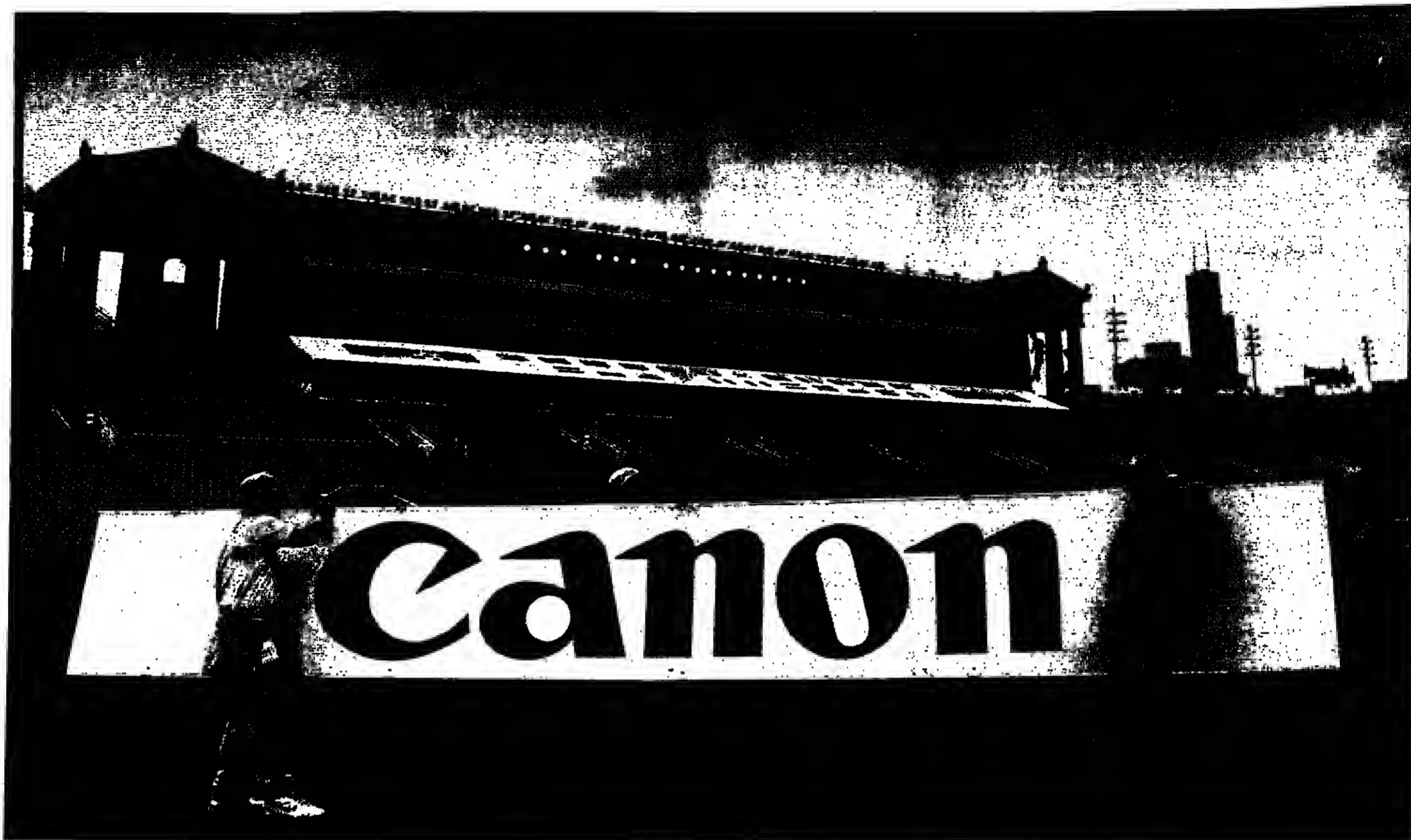
Reporting to the Divisional Chief Executive you will be an important member of the management team. Your responsibilities will cover all aspects of financial management but with particular emphasis on strategic planning, the development of computerised information systems and the maintenance of strict financial disciplines and controls.

Candidates should be qualified accountants aged 30-40 with strong commercial and interpersonal skills and experience in freight forwarding/distribution.

We offer a competitive salary, car and other normal company benefits.

Interested candidates should forward a full CV to:

Mr Colin Copland, Financial Director,  
The Global Group Plc, Cranbrook House, Redlands, Coulsdon, Surrey CR8 2HY



SOLDIER FIELD, CHICAGO, JUNE 12, 1994

**BECAUSE WE DON'T WANT TO BE OUT OF  
YOUR THOUGHTS DURING THE WORLD CUP.**

There is more to our contribution to the World Cup than advertising boards. During the event almost 700 Canon copiers, facsimiles and typewriters will produce an estimated 7.5 million documents. Additionally, nearly 200 of our employees will be present to support the thousands of journalists and photographers using Canon cameras and other products. So when a TV camera with a Canon lens catches our brand name in the background, think about what's behind it. Only occasionally, however. Because we would never want to prevent you from enjoying the match.

**Canon**  
OFFICIAL SPONSOR OF THE 1994 WORLD CUP  
A PLEASURE TO WORK WITH.